

ANNEXURE : 1052/2020



**ANNUAL
REPORT
ORGANISATIONAL

2018-2019
FINANCIAL YEAR**

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LIST OF ACRONYMS

AIDS:	Acquired Immune Deficiency Syndrome
BAC:	Bid Adjudication Committee
BEC:	Bid Evaluation Committee
CBD:	Central Business District
CDW:	Community Development Worker
CFO:	Chief Financial Officer
CWP:	Community Works Programme
DCSR	Department of Culture, Sport and Recreation
DEA	Department of Environmental Affairs
DMM:	Deputy Municipal Manager
DRP:	Disaster Recovery Plan
DWA:	Department of Water Affairs (now Department of Water and Sanitation)
EA&ES:	Environmental Awareness and Education Strategy
EDM:	Ehlanzeni District Municipality
EE:	Employment Equity
EIA:	Environmental Impact Assessment
EMS:	Emergency Medical Services
EPWP:	Expanded Public Works Programme
FY:	Financial Year
GEPF:	Government Employees Pension Fund
GM:	General Manager
GRAP:	Generally Recognised Accounting Practice
HIV:	Human Immunodeficiency Virus
HR:	Human Resources
HVAC:	Heating, Ventilation and Air Conditioning
ICT:	Information Communications Technology
IDP:	Integrated Development Plan
IGR:	Intergovernmental Relations
IMQS:	Infrastructure Management Query System
IT:	Information Technology
JMPF:	Joint Municipal Pension Fund
KLCBT:	Kruger Local Chamber of Business and Tourism
KM:	Kilometre
KPA:	Key Performance Area
KV:	Kilovolts
LDV:	Light Duty Vehicle

LED:	Local Economic Development
LLF:	Local Labour Forum
LUMS:	Land Use Management System
MCPF:	Municipal Councillors Pension Fund
MEDA:	Mbombela Economic Development Agency
MEDP:	Mbombela Economic Development Partnership
MEPF:	Municipal Employees Pension Fund
MGF:	Municipal Gratuity Fund
MFMA:	Municipal Finance Management Act
MLAC:	Mbombela Local AIDS Council
MLM:	Mbombela Local Municipality
MM:	Municipal Manager
MMC:	Member of Mayoral Committee
MMS:	Multimedia Message Service
MOU:	Memorandum of Understanding
MPAC:	Municipal Public Accounts Committee
MPLIS:	Mpumalanga Provincial Library Services
mSCOA:	Municipal Standard Chart of Accounts
MTSF:	Medium-term Strategy Framework
MRM:	Moral Regeneration Movement
MVA:	Megavolt Ampere
NAFCOC:	National African Federated Chamber of Commerce and Industry
NFMW:	National Fund of Municipal Workers
OHS:	Occupational Health and Safety
PCF:	Premier's Coordinating Forum
PIU:	Project Implementation Unit
POS:	Point of Sale
PTIS:	Public Transport Infrastructure System
RBIG:	Regional Bulk Water Infrastructure Grants
RPL:	Recognition of Prior Learning
SALGA:	South African Local Government Association
SANCO:	South African National Civic Organisation
SAPOA:	South African Property Owners Association
SCM:	Supply Chain Management
SDBIP:	Service Delivery and Budget Implementation Plan
SDF :	Spatial Development Framework
SLA:	Service Level Agreement

SMMEs:	Small Medium Macro Enterprises
SMS:	Short Message Service
SPLUMA:	Spatial Planning and Land Use Management Act
Stats SA:	Statistics South Africa
TOR:	Terms of Reference
TUT:	Tshwane University of Technology
UDZ:	Urban Development Zone
WTW:	Water Treatment Works

CHAPTER 1: EXECUTIVE MAYOR'S FOREWORD AND EXECUTIVE SUMMARY

1.1 Executive Mayor's Foreword



It is my pleasure to present an account of the performance of the municipality for the year 2018/19 in terms of the annual performance targets set in the Service Delivery and Budget Implementation Plan. These service delivery targets as well as development targets that are articulated through the SDBIP are based on the strategic objectives set in the approved Integrated Development Plan.

As a result this annual report provides all key stakeholders with a tool to assess the overall performance of the municipality. Council will be able to hold the Executive political leadership accountable, while the Executive political leadership will also be holding the municipal top management accountable. Similarly it presents the Municipal Council with the opportunity to give feedback to the community on progress made towards realizing the community aspirations expressed in the IDP.

The Annual Report demonstrates that during the year under-review the municipality continued to strive towards realising its vision of a ***City of Excellence, The Ultimate Destination***. It also provides a comprehensive yet honest account of performance of the municipality, highlighting key achievements as well as rationale for the under-achievement in instances where there has been under-performance by the municipality.

The report shows that the municipality has laid substantial basis for continuous performance improvement across all key functions which will serve as a basis for further improvement in the next financial years.

A handwritten signature in black ink, appearing to read 'Sh. SP Mathonsi'.

CLLR SP MATHONSI
EXECUTIVE MAYOR

1.2 Municipal Manager's Foreword



In terms of the Municipal Systems Act (2000) as amended, the municipality is required to compile annual performance reports which should be an accord of progress made by the municipality towards achieving targets set in the Service Delivery and Budget Implementation Plan (SDBIP). The SDBIP is the annual performance plan of the municipality which provides quarterly performance targets and key performance indicators per key municipal performance areas.

The Municipal Financial Management Act 56 of 2003 requires the Accounting Officer to report to the Executive Mayor at the end of each quarter on the Municipality's performance in implementing the SDBIP. In accordance with this legislative requirement, this Annual report covering the period 1 July 2018 to 30 June 2019 has been prepared in order to highlight the extent to which the SDBIP was implemented. It is necessary to indicate that what was planned during the reporting period emanates from the strategic objectives with specified performance indicators and targets.

This Annual Report present a consolidated report on progress made by municipal departments towards achieving the service delivery targets set according to the Seven Development Objectives as stipulated in our 2018/2019 Integrated Development Plan (IDP) and the 2018/2019 SDBIP:

- To provide infrastructure and sustainable basic services
- To provide sustainable social amenities to the communities
- To strengthen the delivery of sustainable integrated human settlement and environmental management
- To initiate a strong and sustainable economic development
- To build a strong good governance and institutional capacity
- To ensure legally sound financial viability and management
- To maintain and sustain the 2010 legacy projects

Financial performance: In the year under review a financial plan had been compiled using the sound budget and financial management practices and principles thus ensuring that municipal services are provided in a sustainable, economical and efficient manner to all communities. The financial sustainability of the City remains fundamental due to the persistent cash flow constraints experienced during the year. The objective during the year has been to create an enabling environment for the turnaround process to be constructive and impactful.

Council had approved revenue enhancement strategy has been implemented during the year in order to ensure that the financial sustainability and liquidity management objectives of the City are significantly improved, as well as the financial recovery plan that has been implemented with all other approved strategies and plans as part of the financial turnaround strategy to improve the financial health of the City.

The City has obtained a qualified audit opinion relating to unreconciled items on the bank reconciliation. The regressed audit outcome stimulated learning and change management through the growth mind-set approach. In addressing the regression of the audit outcome, the City has conducted a 360° assessment and subsequently developed a clean audit road map. The clean audit roadmap will be implemented in conjunction with all other strategies and plans in order to ensure financial and service delivery sustainability. The municipality remains committed to continue strengthening its financial position as well as the attainment of a clean audit and the achievement of the long-term strategic objective of turning around the City into a financially sustainable and resilient institution.

Risk Management is a priority of the municipality and as such it is a standing item on the Monthly General Manager Forum meetings where the mitigation of the following five strategic risks (*Inadequate cash flow, inadequate return of resources, uncontrolled urbanization, high unemployment and insufficient provision of potable water to the community*) are closely monitored and evaluated. This creates the opportunity for the early identification and mitigation of risks.

The Risk Management Policy of the City of Mbombela is reviewed on an annual and the municipality implements the enterprise-wide risk management system as required by Municipal Finance Management Act (Act 56 of 2000). The identification, categorization, rating and mitigation of all risks, were conducted in terms of a Risk Management Framework. To manage its risks, the municipality had appointed risk owners as well as action owners and risk champions in all departments. All role players received the appropriate training to capacitate them to mitigate the risks.

During the reporting period, the job descriptions, performance contracts of General Managers as well as the System of Delegations, were amended to include specific responsibilities and powers with regards to risk management. In terms of the System of Delegations, all Members of the Mayoral Committee as well as the Section 79 Oversight Committees, are responsible to monitor and evaluate progress pertaining to the mitigation of risks.

The possibility of fraud and corruption was one of the unacceptable risks that needed to be mitigated by every General Manager. This meant that every General Manager at the beginning of every financial year, must compile action plans on how he/she intends to minimize the possibility of misconduct and criminal behaviour in the Department. The General Manager then submits quarterly progress reports on how he/she progresses with the implementation of the anti-corruption strategy. This progress reports was then submitted to the Risk Management Committee for discussion and verification. A report was then submitted to the Municipal Manager.

The 2018/2019 financial year saw an improvement in strengthening the administrative leadership of the Municipality to improve mainly governance and accountability. A full complement of senior management reporting directly to the Municipal Manager including the Municipal Manager was achieved during the financial year.

Despite limited financial resources, the Municipality was able to make progress in numerous areas most notably being the reduction of service delivery backlogs in the provision of water and sanitation, electricity, waste management and roads construction and maintenance.

Local Government is in our hands and we remain committed to ensure that peoples' lives will improve as we move forward.



MR W. KHUMALO
MUNICIPAL MANAGER

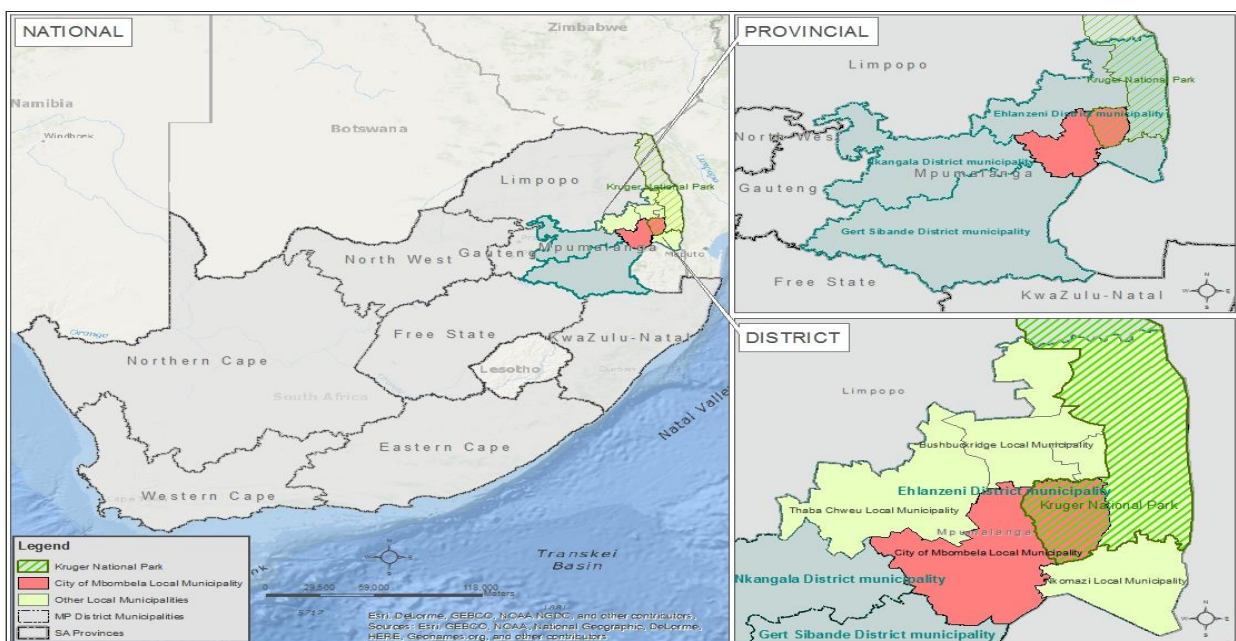
1.3 Municipal Overview

1.3.1 Geographical Location

The City of Mbombela is one of the municipalities of South Africa, located in the Ehlanzeni District Municipality, Mpumalanga province. The City of Mbombela was established in terms of Section 12 of the Municipal System Act (2000) by the MEC for Cooperative Governance and Traditional Affairs in Mpumalanga subsequent to the disestablishment of two municipalities, Mbombela Local Municipality (MP322) and uMjindi Local Municipality (323)

The municipality is situated in the North Eastern part of South Africa within the Lowveld sub-region of the Mpumalanga Province. The geographic coordinates of the Municipality are 25.4° South and 30.9° East. Figure 2.3.1 is a map showing the location of the Municipality's area of jurisdiction.

Figure 1.3.1: National, Provincial and District Context



Source: **Mbombela GIS, 2017**

The metropolitan areas of Pretoria and Johannesburg are located 320 km inland, with the border post at Komatipoort approximately 120 km to the east and the Mozambican coastline being around 200 km away and 55 km from the famous Kruger National Park. The Municipality is also bordered by Swaziland, situated 167km from the CBD, and 127km from Barberton. Urban areas in the municipality include Mbombela, White River, Hazyview and Umjindi as well as former homelands towns such as Kabokweni, Kanyamazane and Matsulu.

The municipality is the capital city of the Mpumalanga province and the head office of the provincial government (legislature). The location and its status of a capital city provide the municipality with a competitive advantage as a corridor for growth and development. The City has two airports, Kruger

Mpumalanga International Airport to the north east, and the general aviation Mbombela Airport to the south west. Kruger Mpumalanga is used for scheduled flights to Johannesburg and, less frequently, to Cape Town and other cities.

It is also a home of the Government Research Institute for Citrus and Subtropical Fruits, and the Lowveld Botanical Gardens. The City of Mbombela is a major stopover point for tourists travelling to the Kruger National Park and to Mozambique.

1.3.2 Municipal Regions and Wards

The municipality is made up of 45 wards and 4 regions as per the new municipal demarcation and section of the 12 notice by the MEC for Cooperative Governance and Traditional Affairs. The regions include Central region, Eastern region, Northern region and Southern region. Table 2.3.2 below show the municipal regions and the respective wards.

Table 1.3.2: **Municipal Regions and wards**

No.	Municipal Regions	Wards
1.	Central Region (Mbombela, Kanyamazane, Piennaar, Daantjie, Nelsville, Mataffin, Elandshoek)	12,14,15,16,17, 2, 4, 22, 23, 24, 26, 29 & 40, 18, 19, 20, 21,
2.	Northern Region (Hazyview)	1, 3, 5, 6, 7, 8, 9, 25, 37 & 39
3.	Eastern Region (Nsikazi, White river, Kabokweni, Malekutu)	10,11,30, 38, 31,32,33, 34, 35,36
4.	Southern Region (Barberton, Lows creek, Matsulu)	13, 27, 28, 41, 42, 43, 44 & 45

Source: **IDP Unit, 2017**

1.3.3 Demographic Overview

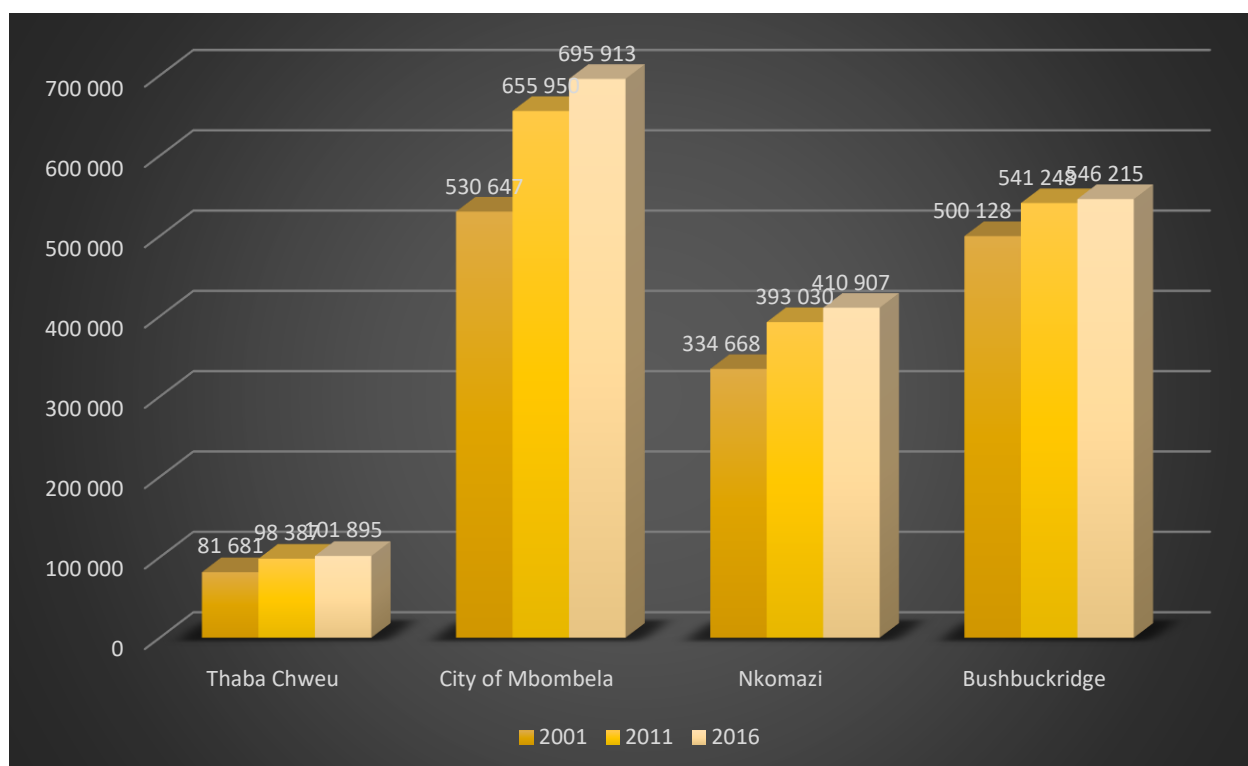
Demography is the statistical study of human populations. It encompasses the study of the size, structure, and distribution of these populations. Population dynamics constitute a key feature in development planning because one needs to be aware of the composition of the population before embarking on a process of improving the lives of the people making up the population. All spheres of government are entrusted with providing services to the people and thereby improving the livelihood of these people. In doing so, a critical analysis of the structure of the population is necessary. It is necessary to know whether population is predominantly young or old. This helps the government in allocating its resources effectively as people of different age groups may at times require different services from the government. Not only is the different age group important but also other elements such as the size, fertility, mortality, race, health and wellbeing are equally important.

The following is a synopsis of the population dynamics of the Mbombela municipal area also known as demographic overview.

1.3.3.1 Population Size

According to Community Survey 2016 results which is based on the 2016 municipal boundaries, the Mbombela municipal area had a total population of 695 913. This population constitutes 39.6% of the entire population of Ehlanzeni District. Hence, the municipal area of Mbombela is the most populous within the Ehlanzeni District (Community Survey, 2016). With regards to the municipal area's population trends over the past 15 years, the Municipality has been one of the fastest growing municipalities in the district (refer to figure 2.3.3.1 below).

Figure 1.3.3.1: The population distribution in Ehlanzeni district area (2001 – 2016)



Source: **Stats SA, Census, 2001, 2011 and CS 2016**

The Mbombela municipal area has recorded annual population growth rate 2.3% per annum between 2001 and 2011 (Stats SA, 2011). Between 2011 and 2016, however, an annual population growth rate of 1.2% was observed within the municipal area. These trends can be attributed to the municipality's economic potential to attract people from other countries, provinces and municipalities.

According to Community Survey 2016, the municipal area of Mbombela is a destination for about 35.6% of all immigrants (both from other provinces and other countries) coming into Ehlanzeni

District. The City of Mbombela is currently in a process of developing a strategy to manage the challenges of migration.

1.3.3.2 Age and Sex Composition

Age and sex are the most basic characteristics of a population. Every population has a different age and sex composition. The number and proportion of males and females in each age group have considerable impact on the population's social and economic situation, both present and future (refer to table 2.3.3.2 below).

Table 1.3.3.2: **Age and sex composition**

Description		Years		
		2001	2011	2016
Age	0-14	33.81%	29.58%	32.20%
	15-34 (Youth)	39,03%	40.05%	37.30%
	15-64 (Economically active)	62.25%	66.20%	63.80%
	65+ (Elderly)	3.93%	4.15%	3.90%
Gender	Female	51.75%	51.08%	51%
	Male	48.24%	48.91%	49%
Sex ratio		93	96	98

Source: **Stats SA Census Surveys 2001, 2011 and CS 2016**

The above table shows that the municipality has a relatively young population. This is indicated by the 37.3% compared with the 32.2% of children between the ages of 0-14 as well as the mere 3.9% of the elderly people. It is however evident from the above that there was a decline in the percentage contribution to the total population of the youth, from 40% in 2011 to 37.3% in 2016. An increase in the percentage contribution to the total population of children aged 0-14 was however witnessed, from 29.5 in 2011 to 32.2% in 2016. This presents challenges regarding services like the provision of early childhood development centres, education, sports development facilities. This was also confirmed during the IDP community consultative meetings where the majority of wards raised the need for early childhood centres, schools and sport fields.

The economically active group presents the youth together with adults above 34 years. This component indicates that there biggest chunk of the population are able to work and can take up a job at any time. This is positive sign especially towards the economic growth of the Mbombela

municipal area. The downside of it is that it has declined from 66.2% in 2011 to 63.8 in 2016. This could either mean that people are losing hope to seek jobs or that many people die under these age groups.

With regard to sex composition, the Mbombela municipal are has seen females being in majority since Census 1996 to the most recent Community Survey conducted in 2016. This has also been quantified by the sex ratios. There have been fluctuations in sex ration between the three Censuses. In 2001, the sex ratio was 93 males for every 100 females. This increased to 96 in 2011 and then further up to 98 males per 100 females in 2016.

1.3.3.3 Racial Profile

The Community Survey 2016 conducted by Statistics South Africa (StatsSA) indicates that the Mbombela municipal area is dominated by people of African (Black) descent most of whom speak the SiSwati language. The total contribution of the African group has increased between 2011 and 2016, from 89.1% to 95.9%. White people are the second dominant population group with 2.6% contribution to the total population whilst the Asian group remained the least contributing group on 0.4%. This information is indicated on the table below and is based on the 2016 municipal boundaries.

Table 1.3.3.3: Racial profile

RACE/POPULATION GROUP	2016	
	NUMBER OF PEOPLE	PERCENTAGE (%)
Blacks (African)	667 827	95.96%
Whites	18 695	2.69%
Coloureds	6 535	0.94%
Asian	2 855	0.41%

Source: **Stats SA, Community Survey 2016**

Linked to the race, the dominating language is SiSwati, followed by Xitsonga and Afrikaans respectively. The dominance of African people who are speaking SiSwati forced the municipality to approve a language policy which gave provision for the translation of key strategic documents such as IDP, Budget and Service Delivery and Budget Implementation Plan (SDBIP) into SiSwati. The primary objective of this was to ensure that the majority of the people understand the core business of the Municipality through their own language.

1.3.4 Social Analysis

1.3.4.1 Disability

Disability is a physical or mental condition that limits a person's movements, senses or activities. In development planning, it is also used as a tool to measure the health of the population as well as the ability of persons to execute certain tasks or activities. A healthy population or less disabled population may thus mean more prospects of economic growth and least financial resources on mitigating the effects of disability. Likewise an unhealthy population or population dominated by people with physical impairments will mean that the government must channel more financial resources in addressing these problems.

Table 1.3.4.1: Persons living with disability

Type of disability	No difficulty	Some difficulty	A lot of difficulty	Cannot do at all	Do not know	Not applicable	Unspecified
Sight	560574	38180	9927	779	278	253	85923
Hearing	588623	16209	4096	554	256	253	85923
Communicating	598334	8478	2183	695	48	253	85923
Walking	576028	22397	9785	1418	109	253	85923
Remembering	589110	15918	4096	434	180	253	85923
Self-care	592328	12458	3577	1212	60	355	85923

Source: **Stats SA, Community Survey 2016**

In terms of the latest statistics from the Community Survey 2016, the highest form of disability within the Mbombela municipal area was on people who have walking difficulty followed by people who have sight problems. These numbers stood at 1 418 and 779 respectively. According to this Survey, there were also 1 212 people who indicated that they were unable to take care of themselves due to one or more forms of physical impairment. The City of Mbombela under the Transversal Services unit has programmes aimed at assisting and empowering special targeted groups including people with disability.

1.3.4.2 HIV prevalence

There is currently no official statistics on HIV prevalence rate for the City of Mbombela as per the 2016 municipal boundaries. As a result, each former local municipality (Mbombela and Umjindi) will be reflected individually in terms of the status on HIV prevalence. This will be compared with other local municipalities within the Mpumalanga Province. This is indicated in the table below.

Table 1.3.4.2: HIV prevalence rate (2012 - 2013)

Rank	Local Municipal Area	HIV Prevalence rate 2012	HIV prevalence rate 2013
1.	Thembisile Hani	26.4%	30.2%
2.	Dr JS Moroka	25.7%	30.4%
3.	Bushbuckridge	29.9%	31.0%
4.	Govan Mbeki	37.0%	33.1%
5.	Chief Albert Luthuli	42.4%	34.6%
6.	Lekwa	47.4%	35.0%
7.	Thaba Chweu	32.2%	36.4%
8.	Victor Khanye	30.0%	38.9%
9.	Nkomazi	42.7%	40.5%
10.	Emalahleni	40.6%	40.7%
11.	Dr Pixley Ka Isaka Seme	48.0%	42.4%
12.	Mbombela	36.0%	42.7%
13.	Steve Tshwete	52.3%	43.1%
14.	Emakhazeni	40.0%	45.5%
15.	Msukaligwa	34.4%	46.5%
16.	Umjindi	43.6%	48.3%
17.	Mkhondo	42.3%	50.0%
18.	Dipaleseng	31.0%	58.8%

Source: *Socio-Economic Review and Outlook (SERO) Report 2016*

The above table provides the latest available statistics on the HIV prevalence in the Mpumalanga Province. The results are published by the Mpumalanga Department of Finance, Economic Development and Tourism through its Socio-Economic Review and Outlook (SERO) reports published from time to time. According to the latest SERO Report, the HIV prevalence rate of the former Umjindi municipal area have increased from 43.6% in 2012 to 48.3% in 2013 thereby indicating a 4.7% increase. The former municipal area of Umjindi also ranked the third highest in terms of HIV prevalence rate amongst all the local municipalities in the Province.

The former Mbombela municipal area also saw an increase of 6.7% in the HIV prevalence rate – from 36% in 2012 to 42.7% in 2013. The former municipal area of Mbombela has however ranked

the seventh highest amongst all local municipalities situated in the Mpumalanga Province. These increases on the prevalence rate on HIV do not paint a very good picture and requires the City of Mbombela to work in concert with the Departments of Health (National and Provincial), interest groups as well as other NGOs with a view to intensifying intervention programmes such as awareness campaigns, voluntary testing, distribution of condoms, etc. The City of Mbombela through its Transversal Unit has participated and contributed in all HIV/AIDS programmes and has established ward AIDS councils in order to deal with HIV/AIDS related matters.

1.3.4.3 Public Health Facilities

Various health facilities exist within the municipal area and the status quo thereof is indicated in the table below:

Table 1.3.4.3: Public health facilities

Accredited clinic	Linked clinic	Public Hospitals	Private Hospitals
Kanyamazane CHC	Zwelisha, Msogwaba, Eziweni, Sibuyile, Tekwane, Luphisi, Mpakeni	Rob Ferreira Hospital; Barberton Provincial Hospital; Themba Hospital; Barberton TB Hospital, Bongani TB Hospital	Mbombela Medi-Clinic; Barberton Medi-Clinic; Kiaat Hospital
Phola Nsikazi CHC	Hazyview, Skukuza, Mthimba, Sandriver, Shabalala, Manzini, Legogote and Jerusalem		
Matsulu CHC	Nkwalini and Kaapmuiden		
Mbombela CHC	Mbombela mobiles and Valencia/Nelsville		
Bhuga CHC	Clau-clau, Khumbula, Makoko, Mjejane		
Kabokweni CHC	Mbonisweni, Dwaleni, Gutshwa, Kabokweni/ White River Mobiles		
M'Africa Clinic	Kathyville; Barberton Town; Boulders Clinic; Louisville Clinic; Lowscreek Clinic; Renee Clinic; Glenthorne; Kaapsehoop Clinic		

Source: *Department of Health, Ehlanzeni District Office, 2015*

According to the Department of Health, there are 7 accredited clinics, 33 linked clinics and 5 public hospitals within the City of Mbombela municipal area. Considering the total population of Mbombela, there is a need to increase access and upgrading of existing clinics and this has been confirmed by communities during the IDP ward public participation meetings. Moreover, there are 3 private hospitals within the municipal area which are Mbombela Medi-Clinic, Barberton Medi-Clinic, and Kiaat Private Hospital.

1.3.4.4 Employment profile

Employment is one of the indicators that could tell of the municipality's ability to generate revenue. This is because when people are employed, they are likely to be able to pay for the services. Table 2.3.4.3 shows the unemployment statistics of the City of Mbombela.

Table 2.3.4.4: Unemployment rates from 2001 to 2016

Unemployment rate (strict definition)	Age	Years	Percentage		
			Total	Male	Female
	General (15-65 years)	2011	28.0	-	-
		2016	24.8	20.8	28.4

Source: Stats SA Census 2011 and HIS Global Insight 2016

From the above table, it can be deduced that unemployment within the Mbombela municipal area has declined by 3.7% between 2011 and 2016. The unemployment rate (strict definition) thus stood at 24.3% during 2016 from 28.0% in 2011. It can also be observed that females were the most affected by unemployment within the municipal area with 28.4% of unemployed females whilst male unemployment rate stood at 20.8%.

Even though the unemployment rate in Mbombela is still not at desirable level, the implementation of the Local Economic Development (LED) programmes, Extended Public Works Programme (EPWP) and Community Works Programme (CWP) helped in creating job opportunities to the communities including women, youth and people with disabilities. Moreover, it is anticipated that the LED strategy, Spatial Development Framework (SDF), and the Vision 2030 Strategy will also assist in identifying key areas that the City of Mbombela can invest in to create more job opportunities.

1.3.4.5 Poverty Rate

Poverty is one of the elements used to measure the level of development within a country. It can be described as a lack of income and productive resources to ensure sustainable livelihoods such as lack or limited access to food, safe drinking water, sanitation facilities, health, shelter, education and information. The United Nations describes people who are affected by poverty as those who live below \$1 a day. In terms of its **Millennium Development Goals**, the United Nations has set a target of halving the proportion of people whose income is less than \$1 a day by 2015. The following table compares the level of poverty which existed in 2011 and 2016 within the Mbombela municipal area. This information is based on the 2017 SERO Report.

Table1.3.4.5: Poverty rate (2011 - 2016)

Rank	Local Municipal Area	Poverty rate (lower bound) 2011	Poverty rate (lower bound) 2016	Poverty numbers (lower bound) 2016
1.	Steve Tshwete	21.2%	26.0%	68 155
2.	Thaba Chweu	24.1%	26.2%	26 907
3.	Emalahleni	22.0%	28.0%	123 320
4.	Govan Mbeki	26.9%	31.0%	98 569
5.	Emakhazeni	31.1%	32.6%	15 675
6.	Dipaleseng	33.2%	35.4%	15 434
7.	City of Mbombela	36.0%	35.7%	252 454
8.	Lekwa	31.7%	36.0%	42 292
9.	Victor Khanye	33.3%	37.9%	31 201
10.	Msukaligwa	33.6%	38.2%	60 213
11.	Chief Albert Luthuli	50.1%	45.9%	84 624
12.	Thembisile Hani	47.9%	48.3%	163 029
13.	Dr JS Moroka	51.4%	50.1%	126 518
14.	Dr Pixley Ka Isaka Seme	49.6%	51.3%	42 487
15.	Nkomazi	53.7%	54.6%	230 452
16.	Mkhondo	53.7%	56.6%	104 395
17.	Bushbuckridge	57.1%	61.1%	342 991

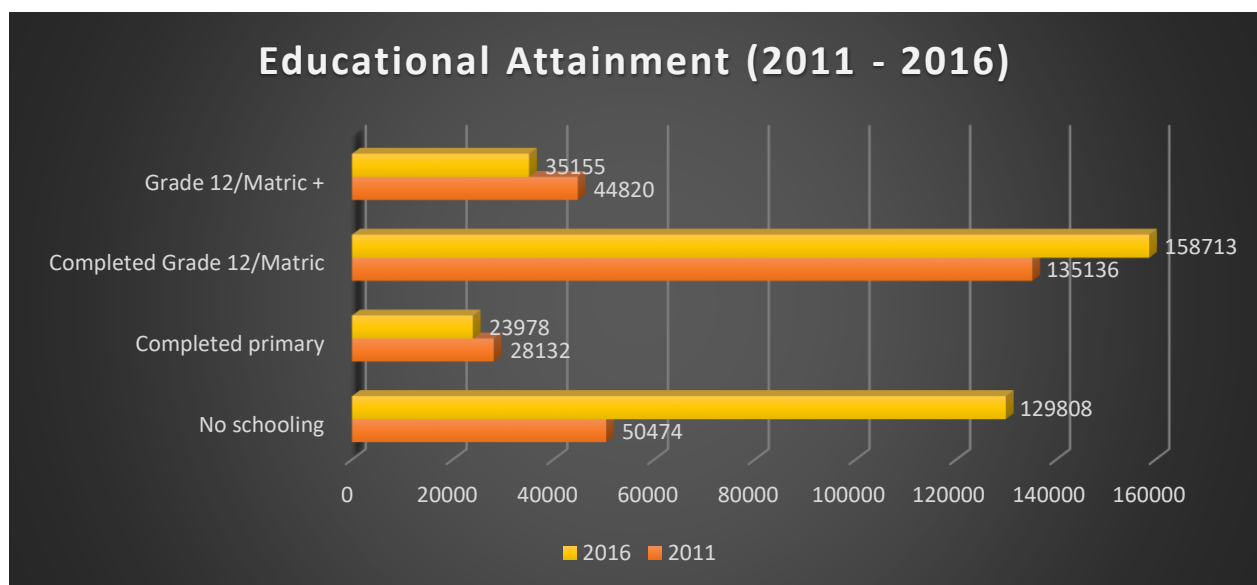
Source: *Socio-Economic Review and Outlook (SERO) Report 2017*

According to the SERO Report (2017), Mbombela municipal area has achieved a decline of 0.3% in the lower bound poverty rate between 2011 and 2016. The municipal area of Mbombela ranked the seventh amongst other local municipalities in the Province in terms of lower bound poverty rate and had 252 454 people living in lower bound poverty. The City of Mbombela has in the past devised various means to curb poverty within the municipal area such as job creation, support for small agricultural businesses, and implementation of Food for Waste programmes. However, there is a need to intensify the poverty alleviation programmes by the City of Mbombela together with other external stakeholders. The municipality has approved an indigent policy and register to assist poor households who cannot afford to pay for basic services.

1.3.4.6 Education attainment

In terms of the latest StatsSA Community Survey 2016, there was a significant improvement in the number of persons who have completed their Grade 12/Matric within the Mbombela municipal area. In 2011, there were 135 136 people who completed their Grade 12 and this increased to 158 713 in 2016, recording a 17% increase. It is nonetheless imperative to note that during the same period, a dramatic increase was recorded in the number of people who have not been to school coupled with a decrease in the number of people with post matric qualifications. The results thereof indicated an increase by 79 334 in the number of people with no schooling and a 27.4% decline in the number of people in possession of post matric qualifications as depicted in the figure below (*NB: 2011 results based on a combined 2011 municipal boundaries for the former Umjindi and Mbombela Municipalities whilst 2016 results based on 2016 municipal boundary for the newly formed City of Mbombela*).

Figure 1.3.5.6: **Level of education**



Source: **Stats SA Census 2011 & Community Survey 2016**

Even though the Provincial Department of Education has introduced ABET programme to address the past injustices where the past system made it difficult for the majority to attend school, it appears that there is a need to intensify this programme particularly in rural areas where such service is in short supply. The City of Mbombela and Mpumalanga Provincial Government have been offering bursaries to learners who have passed matric with a view to encourage learners who come from poor families to further their studies.

Poverty and lack of access to educational facilities are major contributing factors for no schooling as well as the low level of tertiary education. This was confirmed during the IDP consultative meetings when most wards raised the need for additional schools (primary and secondary) and tertiary institutions to increase access to education within the municipal area. The establishment of

the University of Mpumalanga in the province specifically within the municipal area will encourage those that have passed matric to further their studies.

According to the Mpumalanga Department of Education, the Mbombela municipal area has 151 public primary schools, 59 public secondary schools, 25 independent (private) schools and 5 tertiary institutions. Comparing the number of educational facilities and the total population of 695 913, it is clear that there is a need for more schools within the Mbombela municipal area. The Municipality must allocate land for educational purposes in terms of its Spatial Development Framework and that should also be linked to the infrastructure master plans for water, roads and electricity.

CHAPTER 2: GOVERNANCE

2.1 Governance Structures

Local government function in a highly sophisticated environment. To be successful in its endeavours to render quality, affordable and sustainable municipal services, it needs to be structured in the best possible way to facilitate effective governance as well as to ensure proper oversight and to measure performance. City of Mbombela has approved the governance model which separates the Legislative and Executive functions.

2.1.1 Political Governance Structures

2.1.1.1 Legislative

This component consists of the following:

- Council (including the Traditional Leaders)
- The Speaker
- The Chief Whip
- Chair of Chairs
- Section 79 Oversight Committees: Municipal Public Accounts Committee (MPAC), Financial Management Committee, Corporate Services Committee, Public Works and Transport Committee, City Planning and Development Committee, Energy Committee, Public Safety Committee, Community Services Committee, Regional Centre Co-ordination Committee, Strategic Management Services Committee and Water and Sanitation Committee.
- Section 79 Standing Committees: Programming Committee; Rules & Ethics Committee; Party Whips Forum, Chairpersons Committee, Public Participation and Petitions Committee.
- Ward Committees.

2.1.1.2 Executive

This component consists of the following:

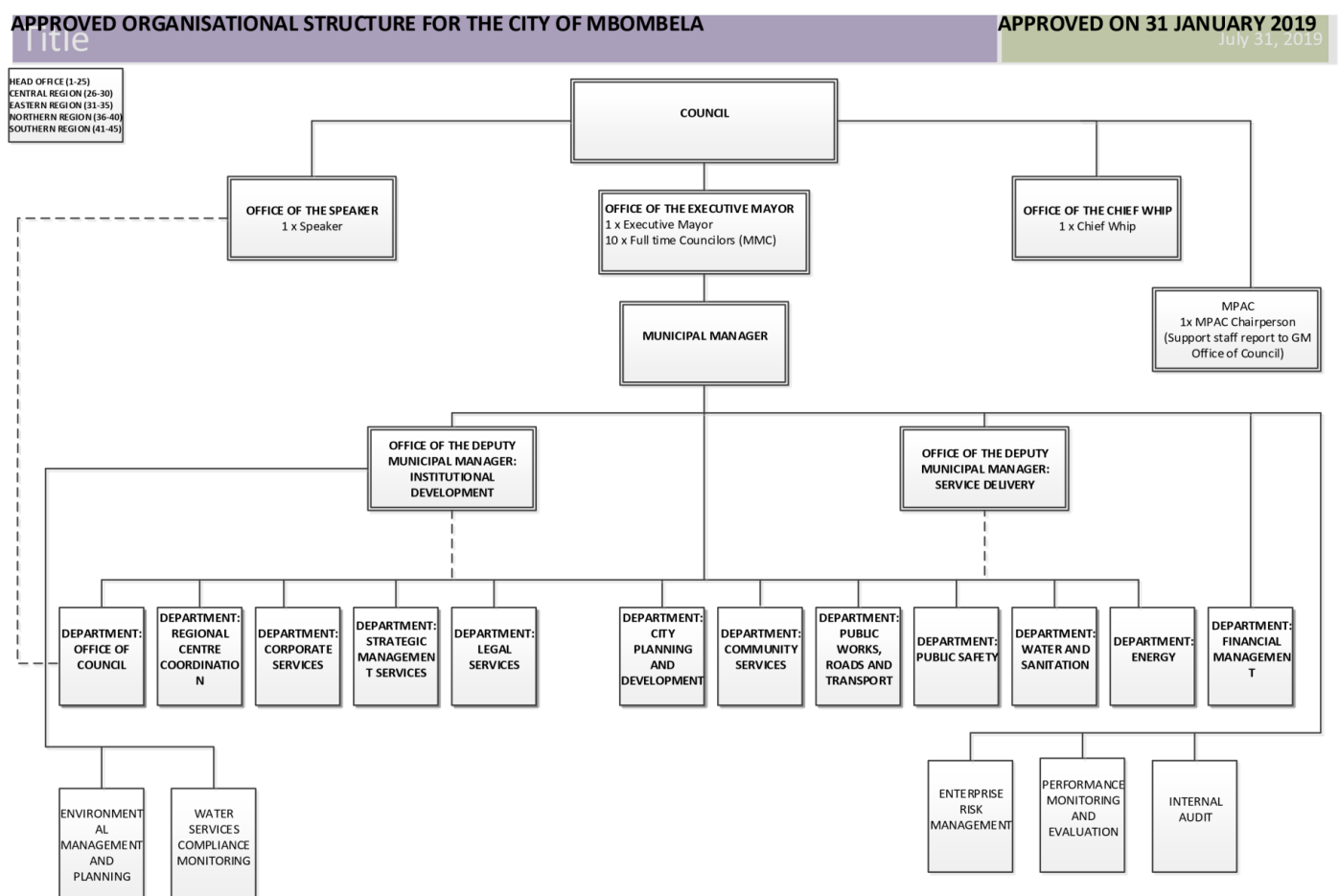
- Executive Mayor (Head of the Executive)
- Members of the Mayoral Committee with delegated powers.
- Mayoral Committee (MMC) comprising of MMC for Public Works and Transport, MMC for Corporate Services, MMC for City Planning and Development, MMC for Energy, MMC for Water and Sanitation, MMC for Public Safety, MMC for Community Services, MMC for LED Regional Centre Coordination, MMC for Strategic Support, and MMC for Financial Management.

- Administration with the Municipal Manager as Head. This incumbent also serves as the Accounting Officer of the municipality.

2.1.2 Administrative Governance Structures

There is a significant relationship between an IDP and the institutional arrangement. The Municipality cannot implement its IDP effectively without proper organizational structure. As a result, the Municipality assisted by GIZ has developed an organizational structure which was approved by Council on 31 January 2019.

Figure 2.2.2 below indicates the top layer of the approved organizational structure



2.2 Intergovernmental Relations

In order to strengthen intergovernmental relations, the municipality has established Intergovernmental (IGR) unit. Its primary objective is to facilitate intergovernmental dialogue with relevant provincial and national government. Moreover, the unit also creates a conducive working relationship of the municipality with the district municipalities and other stakeholders.

2.2.1 Provincial Intergovernmental Structures

The Municipality participates in the following structures:

- Premier's Coordinating Forum (PCF) attended by the Executive Mayor and Technical PCF attended by the Municipal Manager.
- The Provincial International Affairs Coordinating Committee attended by the IGR&IR Senior Manager.
- SALGA Provincial Municipal Manager's Forum

2.2.2 District Intergovernmental Structures

The District Municipality coordinate the following forums for the different Political and Administrative offices:

- Executive Mayor's Forum
- Municipal Manager's Forum
- Ehlanzeni District Municipality Governance and Administration Cluster
- Ehlanzeni District Municipality Social Cluster
- Ehlanzeni District Municipality IDP Rep Forum
- Ehlanzeni District Municipality Performance Management Forum
- Ehlanzeni District Municipality Economic Growth and Infrastructure Development Cluster
- Ehlanzeni District Municipality Communicator's Forum

2.3 Public Accountability and Public Participation

In terms of the strategy (public participation), the participation of communities is driven through a Ward Committee System managed by the Public Participation Unit located in the Office of the Speaker and the IDP Representative Forum arranged through the Office of the Executive Mayor. Moreover, the municipality's public participation process comprises of community meetings, zonal

meetings, Mayoral Imbizo(s), Speakers Outreach programmes, business and commercial stakeholders engagements and traditional leaders engagements.

2.3.1 Stakeholder Engagement and Consultation on the IDP Process

Community and stakeholder participation in matters of local government is a cornerstone of democracy. Section 152 of the South African Constitution (Act 108 of 1996) put it succinctly that: *“the objects of local government includes, amongst others, the encouragement of involvement of community and community organisations in matters of local government”*. Furthermore the Local Government: Municipal Systems Act (Act 32 of 2000) states that a municipality must develop a culture of municipal governance that complements formal representative government with a system of participatory governance, and must for this purpose encourage, and create conditions for the local community to participate in the affairs of the municipality, including in the preparation, implementation and review of its integrated development plan.

In order to give effect to the above legislative provisions, the City of Mbombela has adopted a public participation strategy that outlines the processes, mechanisms, and procedures for community and stakeholder participation. According to the Public Participation Strategy, the participation of communities is driven through a Ward Committee System managed by the Public Participation Unit located in the Office of the Speaker and the IDP Representative Forum arranged through the Office of the Executive Mayor. Moreover, the Municipality's public participation process comprises of community meetings, zonal meetings, Mayoral Imbizo(s), Speakers Outreach programmes, business and commercial stakeholders engagements and traditional leaders engagements.

2.3.2 Community Consultation Meetings

As alluded in the analysis phase, the first round of community consultation meetings within the municipal area took place from 20 to 26 September 2017. The meetings took place at ward level whereby the each ward councillor together with PR councillor for the ward, ward committee members, Community Development Worker (CDW) convened a community meeting for the ward to get the community to discuss and agree on five key priorities, amongst the comprehensive ward priority list, that needs to be prioritised in the 2018/2019 financial year.

The community meetings were succeeded by Zonal consultative meetings which were held at Nsikazi, Mbombela A, Mbombela B, Mbombela C, Hazyview, Matsulu and Barberton whereby the top five key priorities agreed upon during the ward community meetings were presented by the respective ward committee secretaries. The following represents the ward priorities that were reconfirmed at both ward and zonal level.

2.3.2.1 Preparation Phase

The City of Mbombela Municipal Council, under Council Resolution No. A1/2017, adopted an IDP Process Plan on the 24th of August 2017. The IDP Process Plan outlined the legislative framework, institutional structures to guide, manage and monitor the IDP Review processes, mechanisms for community participation as well as key deadlines of the activities that led to the finalisation of the IDP for the 2018-2019 financial year.

The IDP Process Plan was developed in line with the Ehlanzeni District Municipality's IDP Framework Plan adopted for the entire district after consultations with the local municipalities, including the City of Mbombela.

The Process Plan was advertised on the Lowveld newspaper dated 1 September 2017 in order to give notice to the affected stakeholders and the community members. The Process Plan was also placed on the Municipality's website and placed in all the Regional Service Centres of the Municipality.

Briefing sessions on the adopted IDP Process Plan were also held with the various stakeholders including Ward Committees, Traditional Leadership and organised business such as Mbombela Economic Development Partnership (MEDP), Kruger Lowveld Chamber of Business and Tourism (KLCBT), Sappi-Lomati, Barberton Mines, South Africa Property Owners Association (SAPOA), BATOBIC, etc.

2.3.2.2 Analysis Phase

During this phase, it was critical for the municipality to understand the current existing situation within the municipal area. An in depth diagnostic assessment was done by the Municipality in relation to the levels of development, service delivery gaps or challenges, causes of existing problems, identification of priority issues (issues that needed to be addressed first), and available resources to help deal with identified challenges or problems.

Sources of information that were used as baseline include annual reports, mid-year performance report, Service Delivery and Budget Implementation Plan (SDBIP) quarterly reports, StatsSA Community Survey 2016, and SERO reports. Sector plans were also used to inform the planning of the IDP in terms what programmes or projects needs to be implemented to address the service delivery gaps within the municipal area. The GIS system was also used in identifying communities that do not have access to municipal basic services within the municipal area. The information obtained through this process helped the municipality to identify priority issues according to the Municipality's perspective. Furthermore, an assessment was done in terms of the internal

institutional gaps or needs (i.e. shortage of staff, governance issues, etc.) as well as internal resources (revenue generation capacity, ICT infrastructure, etc.) that may assist in addressing the identified priority issues.

A consultation process also took place during this phase whereby zonal consultation meetings were held from the 12 – 26 October 2017 in each of the four Regions of the City of Mbombela. During the zonal meetings, various wards represented in each zone had an opportunity to interrogate their ward priorities which they raised during the previous IDP analysis phase as well as raise other issues affecting each ward/zone. A progress report was also given by the Municipality in terms of the implementation of programs and projects that speak to the ward priorities proposed during the development of the five year IDP (IDP 2017 – 2022).

Meetings with the Traditional Leadership, Organized Business stakeholders and Transport Fraternity (Taxi Associations, Buscor, etc.) were held on 10 – 11 October 2017 respectively to raise issues affecting them.

2.3.3 The IDP Process Followed

The process that was followed to guide the review of the City of Mbombela's 2018-2019 financial year involved various phases which had their respective outputs. The phases include preparation, analysis, strategies, projects, integration and approval phases.

2.3.2.3 Strategy Phase

The City of Mbombela had its strategic planning sessions to devise means to respond to the priority issues identified during the analysis phase. Departmental strategic planning sessions were held from 21 November – 6 December 2017. With the assistance of GIZ, departments reviewed their strategies and objectives taking into consideration the results of the internal assessment of the Municipality. Furthermore, departments identified programmes and projects which might be critical to respond to the ward priorities as well as the institutional needs.

2.3.2.4 Project Phase

The project phase involved Municipal Departments designing programmes and projects with clear targets and indicators which are specific, measurable, achievable, realistic and time-bound. The location, beneficiaries, as well as project costing was also done. These programmes and projects were informed by the ward priorities, the Municipality Vision 2030, sector plans, policy imperatives and planning requirements from the national and provincial spheres of government.

The programmes and projects also gave effect to national priorities as pronounced during the State of the National Address (SONA) and State of the Province Address (SOPA) respectively.

2.3.2.5 Integration

During this phase, the Municipality held institutional Technical Lekgotla chaired by the Municipal Manager from 08 - 09 February 2018 and Mayoral Lekgotla chaired by the Executive Mayor on 15 – 20 March 2018. The aim of these sessions was to align and integrate departmental programmes and projects as well as to devise interventions that will assist in the attainment of the Municipality's programmes/projects objectives and outcomes that responds to the IDP priorities. The aim was also to ensure that all efforts are directed towards the realisation of the Municipality long-term plan (i.e. City of Mbombela Vision 2030).

During this phase, the Municipality aligned its five year programs with its financial resources (Budget/MTREF) and also with its performance management system. An operational plan (SDBIP) was also developed to track performance on planned activities in relation to budgeted projects. Sessions with sector departments were also held, through platforms created by Ehlanzeni District Municipality (EDM) and Provincial Department of Cooperative Governance and Traditional Affairs (COGTA), to integrate programmes and projects of all the local municipalities in Ehlanzeni district with that of the provincial and national sector departments, as well as state-owned enterprises (SOE's) such as ESKOM and other private companies i.e. Barberton Mines, etc. Hence, projects from provincial and national sector departments, private sector and state parastatals are also incorporated in this reviewed IDP. This was to ensure that there is vertical alignment of plans and programs aimed at achieving national and provincial policy imperatives, strategies and plans (i.e. National Development Plan, Medium-Term Strategic Framework, Mpumalanga Province Vision 2030, Mpumalanga Economic Development Path, etc.).

2.3.2.6 Approval

The Draft IDP for 2018 – 2019 was tabled before Council on 29 March 2018 for consideration and was subsequently presented to communities, Ehlanzeni District Municipality and the MEC for Cooperative Governance and Traditional Affairs for comments. The document was also placed on the municipal website and a notice was also publicised on the Lowvelder and Barberton Times newspapers. This was to invite comments from affected community members and organisations. Furthermore, community consultative meetings were held between the 5 April to 5 May 2018 at ward level in order to obtain inputs and comments on the Draft IDP and Budget. The consultative engagements also included meetings with the various stakeholders such as Traditional Leaders, Taxi Industry and Organised Business. The final IDP for 2018 – 2019 financial year was tabled before Council on 31st May 2018 for approval.

IDP Alignment with strategic imperatives and priorities

National Priorities (Manifesto)	Outcomes	National Planning Plan Priorities	Provincial Priorities	District Priorities	10 Point Plan	Community Priorities	IDP Priorities
Creation of decent work & sustainable livelihoods	Decent employment through inclusive economic growth	Job creation	Economic growth & job creation	LED	LED	LED	Economic development
	An efficient , competitive and responsive economic infrastructure network		Energy & mining				
Education	Quality Basic Education	Education & training	Skills development	Institutional transformation & development	Capacity building	Education	Good governance & public participation
	Skilled & capable workforce to support an inclusive growth path						
Health	A long and healthy life for all South Africans	Provide quality health care	Environment			Health	Community development & good governance & public participation (transversal services)
						Waste management	Waste management & greening

National Priorities (Manifesto)	Outcomes	National Planning Plan Priorities	Provincial Priorities	District Priorities	10 Point Plan	Community Priorities	IDP Priorities
Rural development, food security & land reform	Vibrant, equitable, sustainable rural communities contributing towards food security for all.	Expand infrastructure	Strategic infrastructure	Basic water & infrastructure development	Improve municipal basic services	Water	Water supply
	Sustainable human settlements & improved quality of life	Transform urban & rural space	Agriculture			Roads & storm water	Roads infrastructure development & storm water
						Electricity	Electrical supply & energy management
						Sanitation	Sanitation
						Community facilities	Community development
						Housing	Integrated human settlement
						Social services	Rural development
Crime & corruption	All people in SA are and feel safe	Fight corruption			Fraud & corruption	Safety & security	Good governance & public participation & community development

National Priorities (Manifesto)	Outcomes	National Planning Priorities	Provincial Priorities	District Priorities	10 Point Plan	Community Priorities	IDP Priorities
Others	Responsive, accountable, effective and efficient Local Government System.	Transition to a low carbon economy	Social cohesion		Good governance		Good governance & public participation
	An efficient, effective and developmental orientated public service and an empowered, fair and inclusive citizenship.	Build a capable state	Tourism, biodiversity & cultural heritage	Financial management	Democracy		Financial management & viability
	Create a better South Africa, a better Africa and a better World	Transformation & unity			Credible IDP		
	Protect and enhance our environmental assets and natural resources				Stability, Integrity		

Source: IDP Unit, 2017

2.4 Corporate Governance

2.4.1 Risk Management

During the 2018/2019 financial year, the Municipality implemented an enterprise-wide risk management system as required by Municipal Finance Management Act (Act 56 of 2000). The identification, categorization, rating and mitigation of all risks, were conducted in terms of a Risk Management Framework that is in accordance with the Public Sector Risk Management Framework (National Treasury) as well as the ISO 91 000 standard and the King Four Report. To manage its risks, the municipality appointed risk owners as well as action owners and risk champions in all departments. All role players received the appropriate training to capacitate them to mitigate the risks.

During the reporting period, the job descriptions, performance contracts of General Managers as well as the System of Delegations, were amended to include specific responsibilities and powers with regards to risk management. The Performance Measurement System was also amended to include progress made with the mitigation of risks on a quarterly basis. To facilitate the process of risk management and trying to embed risk management into the culture of the municipality, an IT software system was acquired.

In terms of the System of Delegations, all Members of the Mayoral Committee as well as the Section 79 Oversight Committees, are responsible to monitor and evaluate progress pertaining to the mitigation of risks.

Risk Management is a standing item on the Monthly General Manager Forum meetings where the mitigation of the following five strategic risks are closely monitored and evaluated.

NO	STRATEGIC RISK	MITIGATION STRATEGIES
1	Inadequate cash flow	• Implementation of the Revenue enhancement strategy. • Implementation of a new collection automated system.
2	Inadequate return of resources	• Updating and enforcement of the internal control framework. • Establishment of a Monitoring and Evaluation Unit as well as Contract Management Unit. • Strengthening of the Internal Audit Unit.

NO	STRATEGIC RISK	MITIGATION STRATEGIES
3	Uncontrolled urbanization	• Discussion, liaison and cooperation between Local Tribal authorities, and the Provincial Government. • Review of planning processes. • By law enforcement.
4	High Unemployment	• Implementation of the Local Economic Development Strategy.
5	Insufficient provision of potable water to the community	• Implementation of the water services masterplan.

2.4.2 Anti-Corruption and Fraud

Implementation of the Anti-Corruption Strategy

During the reporting period; the following measures to execute the Anti-Corruption Strategy was implemented:

- A fraud hotline, fax, e-mail and SMS system were created to enable the public to report any case of misconduct or criminal event to the municipality.
- An external audit company was appointed to investigate any complaints received via the system.
- Procedures were compiled to submit reports conducted by the external audit company, to the Municipal Manager.
- The possibility of fraud and corruption is one of the unacceptable risks that need to be mitigated by every General Manager. This mean that every General Manager in the beginning of every financial year, needs to compile action plans on how he/she intend to minimize the possibility of misconduct and criminal behaviour in the Department. The General Manager then needs to submit quarterly progress reports on how he/she progresses with the implementation of the anti-corruption strategy. This progress reports are then submitted to the Risk Management Committee for discussion and verification. A report is then submitted to the Municipal Manager.

2.4.3 By-laws and policies

Section 11 (3) of the Municipal Systems Act 32 of 2000 allows a municipality to exercise its legislative and executive authority by developing and adopting policies, passing and implementing its by-laws, as well as monitoring the impact and effectiveness of any policies.

While section 160 (4) of the Constitution states that no by- law may be passed by a Municipal Council unless:

- All the members of the Council have been given reasonable notice; and
- The proposed by-law has been published for public comment.

The following is a list of policies and by-laws developed/reviewed during the 2018/19 financial year:

Item No	Policy Name	Council Resolution Number	Annexure Number	Status Quo	Department / Division
1.	Risk Management Framework 2018/2019	A (4) of 31/07/2018	None	Noted by Council	Office of the Municipal Manager
2	The City of Mbombela Policy Development and Review Framework	A (4) of 23/08/2018	328/2018	Approved	Strategic Management Services
3.	Policy for Supporting External Events	A(8) of 31/08/2018	None	Approved	City Planning
4.	City of Mbombela Spatial Development Framework Review(SDF) 2018	A (7) of 27/09/2018	305/2018	Approved for Public Participation	City Planning
5.	By-law for the Control of Outdoor Advertising in the City of Mbombela Area and Approval of Further Amendments to the by-law	A (4) of 27/09/2018	None	Approved for promulgation in the gazette	City Planning
6.	City of Mbombela Research Policy	A (3) of 27/09/2018	340/2018	Approved	Strategic Management Services
7.	Storm Water Management By-Law	—	—	To be presented at Council	Public Works

Item No	Policy Name	Council Resolution Number	Annexure Number	Status Quo	Department / Division
8.	By-Law Relating to Municipal Roads and Infrastructure	–	–	To be presented at Council	Public Works
9.	Sports Policy	–	–	To be presented at Council	Community Services
10.	Disaster Management Policy of Emergency Housing	–	–	To be amended and presented again at the Councillors	Public Safety
11.	Loss Control Policy	A(8) of 31 January 2019	105/2018	Approved	Risk Management Division
12.	By-law for the Control of Outdoor Advertising in the City of Mbombela	A (4) of 27/09/2018	No record	Promulgated in gazette no: 3031 on the 05/04/2019 Proclamation no 11 of 2019	City Planning
13.	Business Licence Policy	A(4) of 29/03/2019	361/2018	Approved	City Planning
	Business Service Tariffs		362/2018	Approved for implementation from 01/07/2019 and included in the 2019/20 - 2020/22MTREF	
14.	Roads & Street By-law	A(5) of 29/03/2019	366/2018	Approved for Public participation	Public Works
15.	City of Mbombela Parks and Open Spaces By-law	A(6) of 29/03/2019	803/2019	Approved for promulgation	Community Services
	Tariff for the By-law		804/2019	To be promulgated simultaneously but in separate publications	
16.	City of Mbombela Street Tree Management By-law	A(7) of 29/03/2019	509/2018	Approved for promulgation.	Community Services

Item No	Policy Name	Council Resolution Number	Annexure Number	Status Quo	Department / Division
	Tariffs			Tariffs to be levied and promulgated simultaneously but in separate publications	
17.	Cemetery Development and Management By-law	A(8) of 29/03/2019	801/2019	Approved for promulgation	Community Services
	Tariffs		802/2019	Tariffs to be promulgated simultaneously but in separate publications	
18.	Adoption of the City of Mbombela's By-law on Spatial Planning and Land Use Management, 2019: Revision and Rationalisation of Mbombela and Umjindi's Spatial Planning and Land Use Management By-laws	A(9) of 29/03/2019	553/2019	Approved for promulgation in the Provincial Gazette	City Planning
	Schedule of Delegated Powers		554/2019	Be approved and updated. Filling of vacant posts in the Land Use Management Section be prioritized. Nomination of additional members to serve in the Tribunal Committee be nominated. A workshop for new members of the Municipal Tribunal Committee be arranged	
19.	Adoption of the City of Mbombela Spatial Development Framework (SDF) Review 2019	A (2) of 31 /05/ 2019	1391/2019	Approved	City Planning

Item No	Policy Name	Council Resolution Number	Annexure Number	Status Quo	Department / Division
20.	Final Budget Related Policies for the 2019/2020 Financial Year : A. Policies with the proposed amendments: i. Tariff policy ii. Credit Control and Debt Collection Policy iii. Asset Management policy iv. Property Rates policy v. Supply Chain Management Policy B. Policies with no proposed amendments: i. Virement Policy ii. Cash Management Policy iii. Deposit and Refund Policy iv. Funding and Reserves Policy v. Payroll Policy Proof of Residence Policy	A(4) of 31/05/2019	None	Approved. A workshop for Councillors on Council's Overtime Policy, be arranged to take place before the end of August 2019	Finance

Item No	Policy Name	Council Resolution Number	Annexure Number	Status Quo	Department / Division
	vi. Recruitment, Selection and Induction Policy vii. Supplier Performance Monitoring policy viii. Liquidity Policy ix. Indigent Policy x. Budget Policy C. No proposed amendments to the following by-laws i. Solid Waste Management by-law ii. Tariff by-law iii. Electricity Supply by-law iv. Water Supply Services by-law v. Waste Water and Industrial Effluent by-law D. The Property Rates by-law be promulgated and Gazetted through the relevant processes for enforcement in the 2019/2020 financial year.				

Item No	Policy Name	Council Resolution Number	Annexure Number	Status Quo	Department / Division
	E. Overtime Policy and Fleet Management Policy to be added to the budget related policies for the 2019/2020 financial year.				
21.	Revised Long Service Awards Policy	A (3) of 27/06/2019	701/2019	Approved	Corporate Services
22.	Employment Equity Policy	A (4) of 27/06/2019	707/2019	Approved	Corporate Services
23.	By-law Relating to Streets ,Public Spaces ,Prevention of Noise Disturbance and Nuisance	A (6) 27/06/2019	341/18	Approved for Public Participation. Inputs to be submitted to Council after Public Participation process	Community Services
24.	Final Fire Brigade By-law	A (7) of 27 /06/2019	None	Approved for promulgation	Public Safety
25.	Final Draft Consolidated By-law on the Management and Control of Informal Settlements for the City of Mbombela	A(8) of 27 /06/2019	556/2019	Approved for promulgation	City Planning
26.	Draft Land Use Management Scheme for the City of Mbombela in terms of Land use Management Act (16 of 2013) and its Regulations	A(18) of 27 /06/2019	609/2019	Approved for Public Participation	City Planning

2.4.4 All Municipal Oversight Committees

CITY PLANNING AND RURAL DEVELOPMENT	COMMUNITY SERVICES	CORPORATE SERVICES	ENERGY	FINANCIAL MANAGEMENT	PUBLIC SAFETY	PUBLIC WORKS AND TRANSPORT	REGIONAL CENTRE CO-ORDINATION	STRATEGIC SUPPORT	WATER AND SANITATION	MUNICIPAL PUBLIC ACCOUNTS COMMITTEE	PUBLIC PARTICIPATION AND PETITION COMMITTEE
<i>Chairperson: Cllr J J Khoza</i>	<i>Chairperson: Cllr M J Hlophe</i>	<i>Chairperson: Cllr J M Mazibane</i>	<i>Chairperson: Cllr T G Mabuza</i>	<i>Chairperson: Cllr E M Mutobvu</i>	<i>Chairperson: Cllr L T Mlombo</i>	<i>Chairperson: Cllr D D Ngwenyama</i>	<i>Chairperson: Cllr D B Mkhathshwa</i>	<i>Chairperson: Cllr T M Charles</i>	<i>Chairperson: Cllr S I Mokoena</i>	<i>Chairperson: Cllr L T Mlombo</i>	<i>Chairperson: Cllr D D Ngwenyama</i>
S M Banda	L M Bhembe	T M Bulunga	G C B Anthony	V S Gwebu	A E Fankomo	N L Lukhele	H B Fakude	N M Maganga	V S Gwebu	A E Fankomo	N L Lukhele
E G Janse van Rensburg	M J Malomane	T P Manave	V S Gwebu	V L Mlimo	M S Mashele	S R Masuku	M E Jacobs	J V Mhlaba	R C Matola	M S Mashele	S R Masuku
S E Makushe	T Marshall	M E Mhawule	E K Manzini	N A Mokoena	K Mdhluli	P C W Minnaar	S T Masha	T K Nyathi	P P Mbowane	K Mdhluli	P C W Minnaar
S E Mbuyane	R F Mgwenya	W W Motha	R C Matola	D J Nkosi	G M Nkambule	W W Motha	J J Mkhabela	E N Sibambo	K G Ndhlovu	G M Nkambule	W W Motha
D D T Ngobe	L Ngwenyama	M G Moyana	M C Mhlanga (Mpumelelo)	S R Schormann	M C Nkosi	B A Nyalungu	D B Nkosi	L M Sikonela	B A Nyundu	M C Nkosi	B A Nyalungu
G M Nkambule	F S Nkosi		B P Nkhoma	E M Sebashe	R Q Seepsop		E N Sibambo		K A Oliver	R Q Seepsop	
L B Nkosi	H L Shongwe		C Peyper	L E Siboza			L C Sibiya		A Thabethe		
D E Shongwe									R Torr		

CHAPTER 3: SERVICE DELIVERY PERFORMANCE (PERFORMANCE REPORT PART I)

The service delivery reporting is consolidated according to the following seven Development Objectives as stipulated in the 2018/2019 Integrated Development Plan (IDP) and the 2018/2019 Service Delivery and Budget Implementation Plan (SDBIP):

- To provide infrastructure and sustainable basic services
- To provide sustainable social amenities to the communities
- To strengthen the delivery of sustainable integrated human settlement and environmental management
- To initiate a strong and sustainable economic development
- To build a strong good governance and public participation
- To ensure legally sound financial viability and management
- To maintain and sustain the 2010 legacy projects

Table 3.1: IDP development priorities and objectives

IDP DEVELOPMENT OBJECTIVE	IDP DEVELOPMENT PRIORITY
1. To provide infrastructure and sustainable basic services	Water supply
	Roads infrastructure development and storm water
	Electricity supply & energy management
	Sanitation / sewerage
	Public transport
	Rural development
	Waste management & greening
2. To provide sustainable social amenities to the communities	Community development
3. To strengthen the delivery of sustainable integrated human settlement and environmental management	Integrated human settlement

IDP DEVELOPMENT OBJECTIVE	IDP DEVELOPMENT PRIORITY
4. To initiate a strong and sustainable economic development	Economic development
5. To build a strong good governance and institutional development	Good governance and public participation
6. To ensure legally sound financial viability and management	Financial management Revenue enhancement
7. To maintain and sustain the 2010 legacy projects	2010 legacy

Source: 2018/19 IDP Document

3.1 Organisational Performance Report against Targets Set In the Service Delivery and Budget Implementation Plan (SDBIP)

Key Performance Area	Total number of targets	Percentage	Number of targets achieved	Percentage	Number of targets not achieved	Percentage
Service Delivery and Infrastructure Development	51	100%	28	55%	23	45%
Local Economic Development	8	100%	4	50%	4	50%
Institutional Development and Transformation	11	100%	10	91%	1	1%
Public Participation and Good Governance	5	100%	4	80%	1	20%
Financial Viability and Management	11	100%	7	64%	4	36%
Total	86	100%	53	62%	33	38%

The overall performance recorded during the 2018/2019 indicates **62% (53 out of 86)** achievement which is a good performance. The municipality's performance has improved compared to the 2017/2018 financial year. The challenges and action plans for the non- achievement have been outlined in the departmental performance reports attached as annexure "A".

3.1.1 Key Performance Area: Service Delivery and Infrastructure Development

Development Objectives:

- To provide infrastructure and sustainable basic services
- To provide sustainable social amenities to the communities
- To strengthen the delivery of sustainable integrated human settlement and environmental management

Programme / Project	IDP Number	Location	Ward	2018/19 Budget	2018/19 Adjusted Budget	Baseline	Key Performance Indicator	2018/19 Annual Target	Means of Verification	Actual Budget	Was the target achieved		Actual performance for 2018/19	Reason for non-achievement and variations (deviation)	Plans to address non-achievement and timeframe
											Yes	No			
Development Objective: To provide infrastructure and sustainable basic services															
Development Priority: Water Supply															
Water reticulation Designs	CoMC115	Daantjie	2	R5 300 000	R393 400	No reticulation	Number of Designs of water network constructed at Daantjie Youth centre	1 Design of water network constructed at Daantjie Youth centre	Design Report	R393 400	Yes	1 Design of water network constructed at Daantjie Youth centre	N/A	N/A	
Water reticulation	CoMC121	Institutional	Institutional	R 11 300 000	R6 000 000	13 kilometres of water network	Number of Kilometre of water network constructed	5km of water network constructed	Completion Certificate	R0	No	0km of water network constructed	Delays in procurement processes.	Engage responsible division to fast-track the procurement processes. Target will be reprioritised in the 2019/20 FY	
Water scheme programme	CoMC125	Phumlani	14,30	R15 000 000	R15 000 000	1 km completed	Kilometres of Bulk line installed	3.6 Kilometres of bulk line completed	Completion Certificate	R16 428 636	Yes	3.6 km of bulk line completed	Planned budget is exclusive of VAT and actual expenditure is inclusive of VAT	N/A	

Programme / Project	IDP Number	Location	Ward	2018/19 Budget	2018/19 Adjusted Budget	Baseline	Key Performance Indicator	2018/19 Annual Target	Means of Verification	Actual Budget	Was the target achieved		Actual performance for 2018/19	Reason for non-achievement and variations (deviation)	Plans to address non-achievement and timeframe
											Yes	No			
	CoMC100	Nsikazi North	1,2,3,5,6,7,8,9,25	R50 000 000	R41 450 000	11.5 km of bulk line completed	% of Nsikazi north bulk water completed	70% of Nsikazi north bulk water completed	Progress report	R52 223 581	Yes		70% of Nsikazi north Bulk Water Completed	Planned budget is exclusive of VAT and actual expenditure is inclusive of VAT	N/A
	CoMC126	Luphisi	24	R2 000 000	R2 000 000	Dilapidated bulk lines	% of dilapidated bulk water pipe replaced	100% of dilapidated bulk water pipe replaced	Completion certificate	R2 299 280	No		16% of dilapidated bulk water pipe replaced	Delays due to community interference. The project was under budgeted and VAT inclusive.	Engage community leaders. The target will be achieved in the 2019/20 FY.
	CoMC127	White River	30	R2 250 000	R2 250 000	No bulk line	% of reticulation completed at Joe Slovo	100% of reticulation completed at Joe Slovo	Completion certificate	R2 542 362	Yes		100% Reticulation completed at Joe Slovo	N/A	N/A
	CoMC56	Karino/Tekwane South	2,4,10,11,18,	R41 620 002	R18 940 002	0	% of mechanical and Electrical works completed	30% of mechanical and Electrical works completed at Nsikazi South Via Karino Bulk Water Supply	Progress Report	R15 435 837	Yes		31% of mechanical and Electrical works completed at Nsikazi South Via Karino Bulk Water Supply	Budget underspent due to less Electrical works costs.	N/A
	CoMC98	Phumlani	14,	R9 589 103	R6 489 103	50% constructed	% of Phumlani water scheme completed	100% of Phumlani water scheme completed	Completion Certificate	R8 529 998	No		77% Phumlani water Scheme completed	Community Interference and Labour Unrest. Over expenditure excludes VAT.	Engage community leaders and the PSC. The target will be achieved in the 2019/20 FY.

Programme / Project	IDP Number	Location	Ward	2018/19 Budget	2018/19 Adjusted Budget	Baseline	Key Performance Indicator	2018/19 Annual Target	Means of Verification	Actual Budget	Was the target achieved		Actual performance for 2018/19	Reason for non-achievement and variations (deviation)	Plans to address non-achievement and timeframe
											Yes	No			
Water scheme programme	CoMC113	Institutional	Institutional	R4 000 000	R3 000 000	1 truck filling point	Number of Truck Filling Points Constructed	1 Truck Filling Points completed	Completion Certificate	R1 391 304	No		0 Truck Filling Points completed	Delay in Procurement Processes to appoint contractor by Sembcorp, however designs have been completed	Engage Sembcorp to fast-track the procurement process.
Provision of water structures programme	CoMC104	Kamadakwa	41	R1 000 000	R500 000	0	Number of Erf/Yard Connections completed	250 Erf/Yard Connections completed	Completion Certificate	R 494 705	No		222 Erf/Yard Connections completed	Some of the households were not available to complete the households details	Households will be required to provide details before connection
	CoMC96, CoMC97	Nsikazi, North and South	5,6,7,9,25, 39,2,4,26, 33,40	R15 165 920	R2 629 064	28 Km of water reticulation	Number of designs reports for water reticulation completed	2 designs reports for water reticulation completed	Design reports	R546 410	Yes		2 designs reports for water reticulation completed	N/A	N/A
Alternative water supply programme	CoMC107 CoMC108 CoMC109 CoMC110 CoMC111 CoMC114	Institutional, Mthunzi, Ma50 1&2, Lungisa Trust Bhayizane, Kamkasi, Gutshwa clinic, Poponyane road, Dwaleni, Mealand, Sincobile, Gutshwa Mvangatini, Buyelani Zomba & Moyeni	Institutional 7 31 32 35 36	R6 900 000	R6 900 000	0	Number of Boreholes Drilled	20 Boreholes Drilled	Completion Certificate	R 6 398 144	Yes		27 Boreholes Drilled	17 successful boreholes, 4 dry borehole (unsuccessful) and 6 additional borehole drilled due to savings on the budget	N/A

Progra mme / Project	IDP Number	Location	Ward	2018/19 Budget	2018/19 Adjustme nt Budget	Baseline	Key Performance Indicator	2018/19 Annual Target	Means of Verificati on	Actual Budget	Was the target achieved		Actual performance for 2018/19	Reason for non- achievement and variations (deviation)	Plans to address non- achievement and timeframe
											Yes	No			
Reduc tion of Water lost progra mme	CoMC11 2	Dindela & Phumula	44	R 250 000	R50 000	0	Number of Meters of AC pipes replaced	200m of AC pipes replaced	Comple tion Certifica te	R24 411	No		0 Meters of AC pipes replaced	The target is implemented internally and due to non- filling of vacancies the target could not be achieved	Material purchased and EPWP labour will be used. Target will be achieved in the 2019/20 FY
Development Priority: Sanitation															
Sewer reticul ation progra mme	CoMC11 9	Kabokweni	33	R17 500 000	R1 300 000	No/ Dilapidat ed sewer network	Number of kilometres of sewer network constructed	0.5 kilometres of sewer network constructed	Comple tion certifica te	R0	No		0m of sewer network constructed	Delays in procurement processes.	Engage responsible division to fast-track the procurement processes. Target will be reprioritised in the 2019/20 FY
	CoMC103	Kanyamazane	21,1	R17 500 000	R1 300 000	No/ Dilapidat ed sewer network	Number of Design reports completed for sewer reticulation	2 Design reports completed for sewer reticulation	Design Report	R380 020	No		1 Design reports completed for sewer reticulation	Delay in Procurement Processes	Engage SCM to fast-track the procurement process. Target will be achieved in the 2019/20 FY
	CoMC99	Matsulu,	13,27,28, 1	R2 000 000	R4 629 064	Prelimin ary designs complet ed	Number of Design Reports completed	1 Design Report for the 6ML/d completed	Design Report	R1 330 529	Yes		1 design report for 6 ML/d completed	N/A	N/A

Programme / Project	IDP Number	Location	Ward	2018/19 Budget	2018/19 Adjusted Budget	Baseline	Key Performance Indicator	2018/19 Annual Target	Means of Verification	Actual Budget	Was the target achieved		Actual performance for 2018/19	Reason for non-achievement and variations (deviation)	Plans to address non-achievement and timeframe
											Yes	No			
	CoMC106	Emjindini x11	45	R9 000 000	R5 500 000	Dilapidated sewer network	% of bulk outfall sewer line to the pump station constructed	100% of bulk outfall sewer line to the pump station constructed	Completion certificate	R0	No		0% Bulk Outfall Sewer Line to the Pump Station constructed	Delay in procurement Process	Regulation 32 has been obtained. Target will be achieved in the 2019/20 FY
	CoMC28	Entokozweni	18,20	R8 500 000	R5 000 000	0	% of sewer Reticulation completed	25% of sewer Reticulation completed	Progress Report and minutes	R6 834 131	No		7% of sewer Reticulation completed	Delays due to appointment of sub-contractors. Expenditure includes VAT	The social facilitator will engage with the PSC to resolve the matter. Target to be achieved in the 2019/20 FY.
	N-CoMC23	Agnes mine	44	R2 300 000	R1 904 025	Dilapidated filters	Number of filters installed	2 filters installed	Completion certificate	R2 189 628	Yes		2 filters installed	Reported expenditure excludes VAT and or retention	N/A
	N-CoMC24	White River	30	R0	R500 000	No sewer line	% of the outfall sewer line constructed	100% of the outfall sewer line constructed	Completion certificate	R499 979	No		80 % Outfall Sewer Line Constructed	Delays due to Unforeseen Underground conditions.	Scope has been revised and the target will be achieved in the 2019/20 FY.
Provision of sanitation structures programme	CoMC105	Verulam	43	R700 000	R700 000	No household connections	Number of Households connected to the sewer network	100 Households connected to the sewer network	Completion Certificate	R699 960	Yes		106 Households connected to the sewer network	Additional 6 household completed due to budget savings	N/A

Programme / Project	IDP Number	Location	Ward	2018/19 Budget	2018/19 Adjusted Budget	Baseline	Key Performance Indicator	2018/19 Annual Target	Means of Verification	Actual Budget	Was the target achieved		Actual performance for 2018/19	Reason for non-achievement and variations (deviation)	Plans to address non-achievement and timeframe
											Yes	No			
Provision of outfall sewer programme	CoMC118	White River	30	R6 500 000	R6 500 000	1,6 meters completed	Number of kilometres of Outfall sewer line completed	1 kilometres of Outfall Sewer line completed	Completion Certificate	R541 790	Yes		1.077 km of Outfall Sewer line completed	N/A	N/A
	CoMC58	Mataffin	14	R7 345 998	R4 745 998	0	% of outfall sewer completed	50% of Outfall Sewer completed	Progress Report	R2 408 302	No		41.33% of Outfall Sewer completed	Delays due to approval of working permit, unforeseen rock and wet working conditions.	Revise construction program and close monitoring of the project to ensure that the project is completed in the 2019/20 FY.
Development Priority: Electricity Supply & energy management															
Electrification programme	CoMC14	Emjindini	41	R16 545 000	R16 945 000	0	Number of households connected	1159 households connected	Completion certificate	R23 348 546	No	950 households connected	Delays in house completion by Human Settlement Department. However, MV, LV, Transformers & Top pole boxes were installed led to over expenditure	Engage Human Settlement Department to fast-track the completion of the building structures. Target will be achieved in the 2019/20 FY	
	CoMC15	Trust	45												
	CoMC16	Emjindini	14												
	CoMC17	Ext 17	18												
	CoMC18	Msholoz	14												
CoMC19	Tekwane South Matsafeni Mbombela														
Electrification programme	CoMC11 CoMC12	Umjindi	41,42,43,44,45	R9 500 000	R9 500 000	Feasibility study and designs	Number of substation buildings constructed (phase 1)	2 substations buildings constructed (phase 1)	Progress report	R8 637 518	Yes		2 substations building constructed (Phase 1)	Underspending due to outstanding snag list	N/A

Programme / Project	IDP Number	Location	Ward	2018/19 Budget	2018/19 Adjusted Budget	Baseline	Key Performance Indicator	2018/19 Annual Target	Means of Verification	Actual Budget	Was the target achieved		Actual performance for 2018/19	Reason for non-achievement and variations (deviation)	Plans to address non-achievement and timeframe
											Yes	No			
Street lights replacement programme	CoMC20	Hazyview, Kanyamazane	1,19,20,21	R2 700 000	R4 200 000	0	Number of new streetlights installed	54 New streetlights installed	Completion certificate	R699 432	No		14 New streetlights installed	40 streetlights were not achieved due to change of road designs	The designs have been reviewed. The target will be achieved in the 2019/20 FY.
						22	Number of streetlights retrofitted with LED fittings	22 streetlights retrofitted with LED fittings			Yes		22 streetlights retrofitted with LED fittings	N/A	N/A
Electricity Bulk Supply programme	CoMC13	Msholozhi	14	R5 000 000	R4 600 000	Feasibility study and designs	Number of detailed designs for new Msholozhi bulk supply	1 detailed design for new Msholozhi bulk supply	Detailed design	R440 649	Yes		1 detailed design for new Msholozhi bulk supply	Design costs were cheaper than the budgeted amount. The budget has been moved to households connections	N/A
Electricity Management programme	CoM038	Institutional	Institutional	R1 740 544		3998	Number of meters audited	400 meters audited	Audit report	R534 327	Yes		457 meters audited	Demand driven. More money was budgeted for meters or circuit breaker replacement that could not be done due to none faulty meters.	N/A

Programme / Project	IDP Number	Location	Ward	2018/19 Budget	2018/19 Adjusted Budget	Baseline	Key Performance Indicator	2018/19 Annual Target	Means of Verification	Actual Budget	Was the target achieved		Actual performance for 2018/19	Reason for non-achievement and variations (deviation)	Plans to address non-achievement and timeframe
											Yes	No			
Development Priority: Roads Infrastructure development and storm water															
Construction of roads programme	CoMC25 CoMC26 CoMC27 CoMC31 CoMC34 CoMC39 CoMC40 CoMC42 CoMC43 CoMC44 ComC51	Sand Ford Kanyamazane Nkomeni Foda Barberton-Verulam Msogwaba Zomba Matsulu Daantjie	1,21,2,43,26,21,13,23,20,23,28,36	R48 860 212	R94 419 944	6%	% of Kilometres of roads constructed	100% of 17.271 Kilometres of roads constructed	Completion certificates	R90 021 024	No		96% of 17.271 Kilometres of roads constructed.	Delays due to re-designing and adjustment of site. Savings due to less 16,58kms completed from the planned 17,271kms that were not revised during the revision of the SDBIP.	Actual km's of road to be corrected during the revision of the SDBIP yearly where possible.
	CoMC41 CoMC45 CoMC46	Daantjie KaMphatse ni Cemetery road	23 3 4	R 15 916 667	R18 014 558	0%	% of Kilometres of roads constructed	30% of 4.05 Kilometres of roads constructed	Progress report and minutes	R21 955 464	Yes		37% of 4.05 Kilometres of roads constructed	Contractor added more resources to the project. Over expenditure due to over achievement	N/A

Programme / Project	IDP Number	Location	Ward	2018/19 Budget	2018/19 Adjusted Budget	Baseline	Key Performance Indicator	2018/19 Annual Target	Means of Verification	Actual Budget	Was the target achieved		Actual performance for 2018/19	Reason for non-achievement and variations (deviation)	Plans to address non-achievement and timeframe
											Yes	No			
Road upgrade programme	CoMC35 , CoMC47 , CoMC50 CoMC73	Barberton-Spearville, Dindela , Matsulu, Daantjie, Riverside	41,42,43,44,,44 &45 ,13,23,14	R14 516 667	R63 438 911	20%	% of Kilometres of streets upgraded	100% of 7.25 Kilometres of streets upgraded	Completion certificate	R43 422 395	No		97% of 7.25 Kilometres of streets upgraded	The target was not achieved due to sporadic protest by the student and the sub-contractors. Poor performance of contractor.	The scope was revised. The Contractor is put on terms and requested to revise the programme to include catch up plan to complete the project in the 2019/20 FY.
	CoMC48	Kanyamazane	19	R875 000	R7 875 000	0%	%of 1.5 kilometres Mthonjeni-Mkhuhlu road upgrade	50% of 1.5 kilometres Mthonjeni-Mkhuhlu road upgrade	Progress report and minutes	R5 868 416	Yes		74% of 1.5 kilometres of Mthonjeni-Mkhuhlu road upgraded	Contractor added more resources to the project.	N /A
Construction of pedestrian bridges programme	CoMC23 CoMC22	Mahushu Alliance	3,40	R13 000 000	R7 578 843	0%	% of construction of pedestrian bridges completed	100% of construction of pedestrian bridges completed	Completion Certificate	R5 703 011	Yes		100% of construction of pedestrian bridges completed	Reported expenditure excludes VAT and or retention	N/A

Programme / Project	IDP Number	Location	Ward	2018/19 Budget	2018/19 Adjusted Budget	Baseline	Key Performance Indicator	2018/19 Annual Target	Means of Verification	Actual Budget	Was the target achieved		Actual performance for 2018/19	Reason for non-achievement and variations (deviation)	Plans to address non-achievement and timeframe
											Yes	No			
Construction of bus routes programme	CoMC36 N-CoMC07	Sandriver, Daantjie	02,25	R6 083 333	R26 826 030	10%	% of Kilometres of Bus Route constructed	100% of 3.88 Kilometres of Bus Route constructed	Completion certificate	R26 389 016	No		84% of 3.88 Kilometres of Bus Route constructed	Target not achieved due to the poor performance of contractor. Expenditure includes VAT	Contractor is put on terms to complete the project. Target to be achieved in the 2019/20 FY
	CoMC37 , CoMC38	Mgcobaneni , Mfuleni	9,28	R12 555 554	R19 673 334	0%		28.5% of 5.77 kilometres of bus route constructed	Progress report and minutes	R12 689 330	Yes		34.5% of 5.77 kilometres of bus route constructed	Contractor added more resources to the project	N/A
	CoMC49	Msogwaba	22	R5 249 997	R8 249 997	0%	% of 1.83 kilometres of bus route upgraded	40% of 1.83 kilometres of bus route upgraded	Progress report and minutes	R3 295 953	Yes		41% of 1.83 kilometres of bus route upgraded	Under expenditure due to outstanding invoices from the contractor	N/A
Development Priority: Public Transport															
Construction of Public Transport (PT) facilities	CoMC72 ,	Hazyview , Mbombela	1,14	R3 941 974	R19 925 115	0	Number of PT facilities constructed	12 of PT facilities constructed	Completion certificates	R1 512 351	No		8 of PT facilities constructed	Delays in delivery of material.	The contractors to fast track progress on site. Target to be achieved in the 2019/20 FY

Programme / Project	IDP Number	Location	Ward	2018/19 Budget	2018/19 Adjusted Budget	Baseline	Key Performance Indicator	2018/19 Annual Target	Means of Verification	Actual Budget	Was the target achieved		Actual performance for 2018/19	Reason for non-achievement and variations (deviation)	Plans to address non-achievement and timeframe
											Yes	No			
programme	CoMC66	Legogote / Swalala	6	R17 469 253	R25 469 253	10% of Legogote Public Transport Facility completed	% of new PT facilities competed	30% of Public Transport Facility completed	Progress report and minutes	R6 112 566	No		10% of Public Transport Facility completed	Delays due to taxi operators objections to the project.	JTC and JSC structures were formed to address issues. Target to be achieved in the 2019/20 FY
Development Priority: Community Development															
Construction of Community Development programmes	CoMC53	Makoko	34	R5 500 000	R5 500 000	0	% of community halls constructed	40% of community halls constructed	Completion certificate	R4 821 993	Yes		63% of Makoko Community Hall constructed	Contractor added more resources to the project	N/A
	CoMC32 CoMC33 CoMC07	Nkohlakalo Sandriver Phola	35 25 5	R8 500 000	R14 804 640	0	Number of community halls constructed	3 community halls constructed	Completion certificate	R10 239 122	No		0 community halls constructed	•Community unrest, labor disputes and sub-contracting disputes •Poor performance of the contractor. •Budget spent for some of the activities achieved.	•Revised construction program •Contractor is on terms •The target will be achieved in the 2019/20 financial year
	CoMC10	Nelsville	17	R400 000	R600 000	1 Club House renovated	Number of community halls upgraded	1 Community hall upgraded	Completion certificate	R0	No		0 Community hall upgraded	Project delayed due to Unforeseen technicalities regarding the scope of work.	Project is in progress and to be completed during the 2019/2020 FY

Programme / Project	IDP Number	Location	Ward	2018/19 Budget	2018/19 Adjusted Budget	Baseline	Key Performance Indicator	2018/19 Annual Target	Means of Verification	Actual Budget	Was the target achieved		Actual performance for 2018/19	Reason for non-achievement and variations (deviation)	Plans to address non-achievement and timeframe
											Yes	No			
	CoMC57 CoMC29	Barberton Matsulu	42 28	R14 659 631	R6 819 631	0	Number of sports facility upgraded	2 sports facilities upgraded	Completion certificate	R6 147 805	Yes		2 sports facilities upgraded	N/A	N/A
Fencing programmes	CoMC9	Valencia	17	R500 000	R0	R485 806	Number of meters fenced for the both sides of the Canal	132 meters fenced for the both sides of the Canal	Completion certificate	R485 806	Yes		132 meters fenced for the both sides of the Canal	N/A	N/A
							Number of meters on Valencia sports ground fenced	210 meters on Valencia sports ground fenced			Yes		210 meters on Valencia sports ground fenced		
Development Priority: Rural Development															
Rural Development programmes	CoMC5	Kabokweni, Plaston and Luphisi	11,32,33,36,38,40	R 33,535,000	R15 000 000	52 %	% of rehabilitation of 14km of Luphisi, Kabokweni Plaston road	100% of rehabilitation of 14km of Luphisi, Kabokweni Plaston road	Completion certificate	R56 847 753	No		96% of rehabilitation of 14km of Luphisi, Kabokweni Plaston road	Delays due to insufficient budget. The actual expenditure includes approved variation orders	Variation orders were approved. Target to be achieved in the 2019/20 FY

Programme / Project	IDP Number	Location	Ward	2018/19 Budget	2018/19 Adjusted Budget	Baseline	Key Performance Indicator	2018/19 Annual Target	Means of Verification	Actual Budget	Was the target achieved		Actual performance for 2018/19	Reason for non-achievement and variations (deviation)	Plans to address non-achievement and timeframe
											Yes	No			
Development Priority: Waste and environmental management															
Waste Management programme	CoMO2 1	Institutional	Institutional	R 1 400 000	R600 000	0	Number of waste management audits conducted	3 Waste management Audits conducted	Audit Report	R0	No	1 Waste Management Audit Conducted	Non submission of audits by service provider. Budget used from the management and operation bill of quantity contract	Non-compliance notification issued to site operator. The target will be reviewed.	
Waste Collection Services programme	CoMOP 101	Mbombela, White River, Kabokweni, Kanyamazane, Matsulu, Barberton	1,,13,14,15,16,17,18,19,20,21,22,,27,28,30,33 ,37,38 41,42,43,44,45	R0	R0	0	Number of New additional formalised households with access to weekly waste removal services	150 New additional formalised households with access to weekly waste removal services	Billing register report	R0	Yes	4 555 New additional formalised households with access to weekly waste removal services	Additional achievement due to the outstanding backlog of new additional households that were all resolved and registered under refuse billing register	N / A	
Development Priority: Public Safety															
Municipal law enforcement programmes	CoMOP 83	Institutional	Institutional	R0	R0	12	Number of municipal law enforcement operations conducted	12 municipal law enforcement operations conducted	Reports	R0	Yes	12 Municipal law enforcement operations conducted	N/A	N/A	

Progra mme / Project	IDP Number	Location	Ward	2018/19 Budget	2018/19 Adjustme nt Budget	Baseline	Key Performance Indicator	2018/19 Annual Target	Means of Verificati on	Actual Budget	Was the target achieved		Actual performance for 2018/19	Reason for non- achievement and variations (deviation)	Plans to address non- achievement and timeframe
											Yes	No			
Traffic law enforc ement progra mme	CoMOP 84	Institutional	Institution al	R0	R0	48	Number of road-blocks conducted for traffic law enforcemen t	48 Road- blocks conducted for traffic law enforcemen t	Reports	R0	Yes		61 road blocks conducted for traffic law enforcemen t	New resources allocated to department ensuring target is overachieved	N/A
Development Priority: integrated human settlement															
Huma n settle ment progra mmes	CoMO7	Institutional	Institution al	R1 500 000	R1 500 000	1333	Number of Title Deeds registered	613 Title Deeds registered	Title Deeds	R1 50 0 000	Yes		653 Title Deeds registered	Demand driven	N/A

3.1.2 Key Performance Area: Local Economic Development

- **Development Objective:** To initiate a strong and sustainable economic development

Program me / Project	IDP Number	Location	Ward	2018/19 Budget	2018/19 Adjustme nt Budget	Baseline	Key Performance Indicator	2018/19 Annual Target	Means of Verification	Actual Budget spent	Was the target achieved		Actual performance for 2018/19	Reason for non-achievement and variations (deviation)	Plans to address non-achievement and timeframe
											Yes	No			
Development Objective: To initiate a strong and sustainable economic development															
Development Priority: Economic Development															
Economi c Develop ment program me	CoMC1	Msogwa ba	40	R7 604 885	R4 606 885	Job linkage Centre Structur e Complet ed	Sets of equipment purchased for the Job Linkage centre	3 sets of equipment purchased for the Job Linkage centre	Project report	R0	No	0 sets of equipment purchased for the Job Linkage centre	Delays in the appointment of service provider due source of budget between the department and Financial Management	The specification has been revised. Target will be achieved in the 2019/20 FY	
	CoMC4	Hazyvie w, Barbert on and N4 Road	1,41,14, 15	R3 000 000	R3 000 000	3 Architec tural designs	Number of New informal Trade Stalls constructed	3 New informal Trade Stalls constructe d	Completion certificate	R0	No	0 New informal Trade Stalls constructed	Delays in procurement processes.	Engage responsible division to fast-track the procurement processes. Target will be reprioritised in the 2019/20 FY	
Economi c Develop ment program me	CoMO1 4	Instituti onal	Instituti onal	R700 000	R700 000	14	Number of Youth enterprises supported	13 Youth enterprises supported.	Reports	R0	No	0 Youth enterprises supported	Delays in procurement processes.	Engage responsible division to fast-track the procurement processes. Target will be reprioritised in the 2019/20 FY	
	CoMO2 8	Instituti onal	Instituti onal	R540 000	R540 000	10 Learners assessed on RPL	Number of Learners assessed for RPL	10 Learners assessed for RPL	Statements of Results/ Assessment outcomes	R361 418	Yes	34 Learners assessed for RPL	Additional participants assessed due to availability of budget	N/A	

Program me / Project	IDP Number	Location	Ward	2018/19 Budget	2018/19 Adjustme nt Budget	Baseline	Key Performance Indicator	2018/19 Annual Target	Means of Verification	Actual Budget spent	Was the target achieved		Actual performance for 2018/19	Reason for non-achievement and variations (deviation)	Plans to address non-achievement and timeframe
											Yes	No			
	CoMO29	Instituti onal	Instituti onal	R600 000	R600 000	50 Learners trained	Number of Learners trained	50 Learners trained	Progress Reports	R400 000	Yes		50 Learners trained	N/A	N/A
	CoMO9	Instituti onal	Instituti onal	R280 000	R150 000	1 Rural coopera tive trained	Number of rural cooperative s trained	2 rural cooperativ es trained	Report	R150 000	Yes		2 rural cooperative s trained	N/A	N/A
	CoMO13	Instituti onal	Instituti onal	R500 000	R0	1 coopera tive support ed	Number of cooperative s supported	2 cooperativ es supported	Report	R500 000	Yes		2 cooperative s supported	N/A	N/A
	CoMOP 118	Instituti onal	Instituti onal	R800 000	R800 000	0	Number of Boreholes drilled for constructio n of boreholes for co-ops	2 Boreholes drilled for constructio n of boreholes for co-ops	Completion certificate	R198 908	No		1 Boreholes drilled for constructio n of boreholes for co-ops	Delays in procurement processes.	Engage responsible division to fast-track the procurement processes. Target will be reprioritised in the 2019/20 FY

3.1.3 Key Performance Area: Institutional Development and Transformation

- **Development Objective:** To build a strong good governance and institutional development

Program me / Project	IDP Number	Location	Ward	2018/19 Budget	2018/19 Adjustmen t Budget	Baseline	Key Performance Indicator	2018/19 Annual Target	Means of Verification	Actual Budget spent	Was the target achieved		Actual performanc e for 2018/19	Reason for non-achievement and variations (deviation)	Plans to address non-achievement and timeframe
											Yes	No			
Development Objective: To initiate build a strong good governance and institutional development															
Development Priority: Good Governance and Public Participation															
Human Resource s Develop ment program me	CoMO27	Institution al	Institution al	R500 000	R250 000	4 worksho ps	Number of workshops Conducted for Chairperson and Prosecutors	2 workshops for Chairperson s and Prosecutors conducted	Attendanc e Register& Assessme nt Outcomes	R250 000	No	1 Workshop facilitated	Non responsiveness of nominated employees	Re co-ordinate the training session in the 2019/20 FY	
	CoMOP130	Institution al	Institution al	R200 000	R0	8 worksho ps	Number of workshops of Supervisors conducted	2 workshop s of Supervisor s conducted	Attendanc e Register & Assessme nt Outcomes Report	R195 000	Yes	2 Workshop s facilitated	N/A	N/A	
Employee wellness program s	CoMO25	Institution al	Institution al	R600 000	R 294 487	32 employe es and councillo rs	% of employees and councillors requiring EAP assisted	100 % of employee s and councillor s requiring EAP assisted	Report from the service provider	R482 061	Yes	100 % of (59) employees and councillors requiring EAP assisted	N/A	N/A	
	CoMO26	Institution al	Institution al	R500 000	R266 061	600	% of employees referred for medical examinatio ns	100% of employee s referred for medical examinatio ns	Report, Attendanc e register	R69 063	Yes	100% of (316) employees referred for medical examinatio ns	N/A	N/A	

Program me / Project	IDP Number	Location	Ward	2018/19 Budget	2018/19 Adjustmen t Budget	Baseline	Key Performance Indicator	2018/19 Annual Target	Means of Verification	Actual Budget spent	Was the target achieved		Actual performanc e for 2018/19	Reason for non-achievement and variations (deviation)	Plans to address non-achievement and timeframe
											Yes	No			
Risk mitigation programmes	CoMOP07	Institutional	Institutional	R0	R0	2018/2019 Enterprise Risk Management Framework	Number of Approved Enterprise Risk Management Framework for 2019/20	1 Approved Enterprise Risk Management Framework for 2019/20	Approved Enterprise Risk Management Framework for 2019/20	R0	Yes		1 Approved Enterprise Risk Management Framework for 2019/20	N/A	N/A
	CoMOP10	Institutional	Institutional	R0	R0	Strategic risk register for the 2018/2019	Number of Strategic risk register for 2019/20 compiled	1 Strategic risk register for 2019/20 compiled	Approved Strategic risk register for 2019/20 financial year	R0	Yes		1 Strategic risk register for 2019/20 compiled	N/A	N/A
Fraud and corruption programmes	N-CoMO34	Institutional	Institutional	R0	R0	Approve d fraud and corrupti on policy	Number of fraud and corruption prevention policy reviewed	1 fraud and corruption preventio n policy reviewed	Reviewed policy	R0	Yes		1 Fraud and corruption preventio n policy. reviewed	N/A	N/A
Internal Audit programmes	CoMOP24	Institutional	Institutional	R0	R0	14	Number of internal audits conducted	12 internal audits conducted	Audit reports	R0	Yes		12 internal audits conducted	N/A	N/A
	N-CoMO33	Institutional	Institutional	R0	R0	4	Number of progress reports on 2017/2018 AG Remedial Action Plan consolidate d	2 progress reports on 2017/2018 AG Remedial Action Plan consolidat ed	Progress report	R0	Yes		2 progress reports on 2017/2018 AG Remedial Action Plan consolidat ed	N/A	N/A

Program me / Project	IDP Number	Location	Ward	2018/19 Budget	2018/19 Adjustmen t Budget	Baseline	Key Performance Indicator	2018/19 Annual Target	Means of Verification	Actual Budget spent	Was the target achieved		Actual performanc e for 2018/19	Reason for non-achievement and variations (deviation)	Plans to address non-achievement and timeframe
											Yes	No			
	CoMOP2 5	Institution al	Institution al	R0	R0	Approve d 2017/18 Audit Committ ee Charter (AC)	Reviewed and approved AC charter	1 Audit Committe e charter viewed and approved	Approved AC Charter	R0	Yes		1 Audit Committe e charter viewed and approved	N/A	N/A
	CoMOP2 7	Institution al	Institution al	R0	R0	Approve d internal Audit Charter	Number of Internal Audit Charter reviewed and approved	1 Internal Audit Charter reviewed and approved	Approved Internal Audit Charter	R0	Yes		1 Internal Audit Charter reviewed and approved	N/A	N/A

3.1.4 Key Performance Area: Public Participation and Good Governance

- **Development Objective:** To build a strong good governance and institutional development

Program me / Project	IDP Number	Location	Ward	2018/19 Budget	2018/19 Adjustme nt Budget	Baseline	Key Performance Indicator	2018/19 Annual Target	Means of Verification	Actual Budget	Was the target achieved		Actual performanc e for 2018/19	Reason for non-achievement and variations (deviation)	Plans to address non-achievement and timeframe
											Yes	No			
Development Objective: To initiate build a strong good governance and institutional development															
Development Priority: Good Governance and Public Participation															
IDP develop ment and review	CoMOP1 35	Institution al	Institution al	R0	R0	1 (2017/18 financial year)	Number of IDPs submitted to Council by 31 May 2019	1 Reviewed IDP submitted to Council by 31 May 2019	Approved IDP	R0	Yes	1 Reviewed IDP submitted to Council by 31 May 2019	N/A	N/A	
	CoMP206	IDP and Budget Public Participati on	Institution al	R0	R0	59	Number of IDP/ Budget consultativ e meetings held	59 (IDP consultati ve meetings)	Attendanc e registers	R0	No	10 DP/ Budget consultativ e meetings held	Zonal meetings were conducted instead of wards due to cost curtailment.	The 2019/20 SDBIP target will be revised to reflect zonal meetings.	
	CoMOP2 10	Chief Whip Outreach/ engageme nts Programm e	Institution al	R0	R0	10	Number of chief whip Outreach/ engagemen ts programme s conducted	6 chief whip Outreach/ engagemen ts programm es conducted	Attendanc e registers	R1 001 153	Yes	7 Chief Whip Outreach/ engagemen ts programm es conducted	Additional programme conducted due to request from the community	N/A	
SDBIP develop ment	CoMOP1 6	Institution al	Institution al	R0	R0	2018/19 SDBIP	2019/2020 SDBIP approved by the Executive Mayor within the stipulated period	2019/202 0 SDBIP approved by the Executive Mayor by the 28 th of June 2019	Approved SDBIP	R0	Yes	2019/2020 SDBIP approved by the Executive Mayor by the 28 th of June 2019	N/A	N/A	

Program me / Project	IDP Number	Location	Ward	2018/19 Budget	2018/19 Adjustme nt Budget	Baseline	Key Performance Indicator	2018/19 Annual Target	Means of Verification	Actual Budget	Was the target achieved		Actual performanc e for 2018/19	Reason for non-achievement and variations (deviation)	Plans to address non-achievement and timeframe
											Yes	No			
Assessm ent reviews	N-CoMO35	Institution al	Institution al	R0	R0	0	Number of quarterly performanc e assessment conducted	2 quarterly performa nce assessme nt conducted	Attendanc e register	R0	Yes		2 quarterly performan ce assessment conducted	N/A	N/A

3.1.5 Key Performance Area: Financial Viability and Management

- **Development Objective:** To ensure legally sound financial viability and management

Program me / Project	IDP Number	Location	Ward	2018/19 Budget	2018/19 Adjustme nt Budget	Baseline	Key Performan ce Indicator	2018/19 Annual Target	Means of Verification	Actual Budget	Was the target achieved		Actual performance for 2018/19	Reason for non-achievement and variations (deviation)	Plans to address non-achievement and timeframe
											Yes	No			
Development Objective: To ensure legally sound financial viability and management															
Development Priority: financial management															
Impleme ntation of Budget Process	ComO39	Institution al	Institution al	R0	R0	2018/19 final budget was approve d on 31 May 2018	Budget processes in accordanc e with MFMA and its regulation s complied with	2019/20 IDP and budget process plan approved	Council Resolutio n	R0	Yes	Budget processes in accordance with MFMA and its regulations complied with	N/A	N/A	
Complia nce with MFMA in-year reportin g framewo rk	CoMOP31 CoMOP32	Institution al	Institution al	R600 000	R0	12 budget perform ance report tabled within 30 days after the end of each quarter before council	Number of monthly budget performa nce reports submitted to the Executive Mayor and National Treasury within prescribe d timeframe	12 budget performa nce reports submitted to the Executive Mayor and National Treasury by the 14th of every month	Proof of submissio n for the reports	R0	Yes	12 budget performance reports submitted to the Executive Mayor and National Treasury by the 14th of every month.	N/A	N/A	

Program me / Project	IDP Number	Location	Ward	2018/19 Budget	2018/19 Adjustme nt Budget	Baseline	Key Performan ce Indicator	2018/19 Annual Target	Means of Verification	Actual Budget	Was the target achieved		Actual performance for 2018/19	Reason for non-achievement and variations (deviation)	Plans to address non-achievement and timeframe
											Yes	No			
					R0	4 quarterly budget performance reports submitted to council	Number of quarterly budget performance reports submitted to council as per prescribed timeframe	4 quarterly budget performance reports submitted to council	Council Resolution		Yes		4 quarterly budget performance reports submitted to council.	N/A	N/A
					R0	Budget information not adequately published on the Website	Number of budget compliance documents published in accordance with Section 75 of the MFMA	All budget compliance documents published in accordance with Section 75 of the MFMA	Budget information published on the Website	R86 478	Yes		All budget compliance documents published in accordance with Section 75 of the MFMA	N/A	N/A
General Valuation Roll	CoMO40	Institutional	Institutional	R3 000 000	R0	General Valuation Roll for the period 1 July 2018 to 30 June 2023	Number of certified supplementary valuation rolls compiled	1 Certified Supplementary Valuation Roll compiled	Certified Supplementary Valuation Roll	R 1 006 100.83	Yes		1 Certified Supplementary Valuation Roll compiled	N/A	N/A

Program me / Project	IDP Number	Location	Ward	2018/19 Budget	2018/19 Adjustme nt Budget	Baseline	Key Performan ce Indicator	2018/19 Annual Target	Means of Verification	Actual Budget	Was the target achieved		Actual performance for 2018/19	Reason for non-achievement and variations (deviation)	Plans to address non-achievement and timeframe
											Yes	No			
	CoMOP4 2	Institution al	Institution al	R2 430 685	R0	2564 Objection s received for the period 1 July 2018 to 30 June 2023	% of the number of objections processed and complete d	100% objections processed and complete d	Objection register	R 238 688.25	No		98% objections processed and completed.	Insufficient information captured on the objection forms received, which required further investigation.	Further investigation and physical inspection of the affected properties of the remaining 2% of the objections still to be conducted. The target will be completed in the 2019/2020 FY
	CoMOP4 3	Institution al	Institution al	R0	R0	70%	% of property rates revenue projections achieved as per approved budget	100% property rates revenue projections achieved as per approved budget	Quarterly budget performan ce reports (S52(d) quarterly reports)	R0	Yes		104% property rates revenue projections achieved as per approved budget	The over performance is due the implementati on of latest general valuation roll and regular supplementar y valuations	N/A
Financial Manage ment program mes	CoMO44	Institution al	Institution al	R3 272 203	R0	4 Cost reflectiv e structure determin ed and reviewed for public services	Number of Cost reflective structure determin ed and reviewed (Water and Sanitation, Energy Licensing and Waste Managemen t)	4 Cost reflective structure determin ed and reviewed (Water and Sanitation, Energy, Licensing and Waste Managemen t)	Costing structure review report	R2 090 187	No		2 Cost reflective structure determined and reviewed (Water and Sanitation and Licensing)	The deliverables were reprioritized due to the cash flow constraints.	The outstanding deliverables will be achieved in the 2019/2020 financial year.

Program me / Project	IDP Number	Location	Ward	2018/19 Budget	2018/19 Adjustme nt Budget	Baseline	Key Performan ce Indicator	2018/19 Annual Target	Means of Verification	Actual Budget	Was the target achieved		Actual performance for 2018/19	Reason for non-achievement and variations (deviation)	Plans to address non-achievement and timeframe
											Yes	No			
	CoMOP51	Institution al	Institution al	R0	R0	Annual financial statements for 2016/17 submitted to AG	2018/19 financial statements submitted to AG within prescribed timelines	2018/19 financial statements submitted to AG by 31 August	Proof of submission	R0	Yes		2018/19 financial statements submitted to AG by 31 August	N/A	N/A
Revenue enhance ment program mes	CoMOP40	Institution al	Institution al	R0	R0	98% monthly meter reading rate attained	Percentage of monthly meter reading rate achieved	98% monthly meter reading rate attained	Meter reading report	R0	No		95% monthly meter reading rate attained	A new meter reading contractor was appointed in April 2019 and there were challenges especially in the Umjindi area.	The matter was resolved by agreeing that the Umjindi area will still be read by internal meter readers
	CoMOP39	Institution al	Institution al	R0	R0	93% monthly average collection rate attained	Percentage of monthly average collection rate attained	90% monthly average collection rate attained	Debtor Payment Rate Report	R0	No		86.12% monthly average collection rate attained	The monthly average collection rate was affected by the financial year end billing reconciliation s undertaken	Enhancement of internal controls that will detect any variances between actual and billed meter records

CHAPTER 4: ORGANISATIONAL DEVELOPMENT PERFORMANCE (PERFORMANCE REPORT PART II)

4.1 Post Establishment Report for the 2018/2019 Financial Year

Department	Number of filled positions	Number of vacant funded positions	Number of vacant unfunded positions	Total
Office of the Municipal Manager	15	5	17	37
Office of the Deputy Municipal Manager: Institutional Development	07	03	11	21
Office of the Deputy Municipal Manager: Service Delivery	01	01	00	02
Office of Council	18	01	21	40
Office of Chief Whip	0	0	0	0
Strategic Management Services	41	05	36	82
Corporate Services	76	06	90	172
Finance	99	18	79	196
Public Works, Roads and Transport	22	03	43	68
Regional Centre Coordination	1493	186	2803	4482
Legal Services	04	01	03	08
Energy	39	05	28	72
Public Safety	43	05	51	99
Water and Sanitation	08	00	15	23
Community Services	23	02	33	58
City Planning and Development	46	10	74	130
TOTAL	1935	251	3304	5490

4.2 Workforce Profile

4.2.1 Occupational levels

The table below is a reflection of municipal workforce levels for period 1 July 2018 to 30 June 2019.

2018/2019 FINANCIAL YEAR											
Occupational Levels	Male				Female				Foreign Nationals		Total
	A	C	I	W	A	C	I	W	Male	Female	
Top management	3			1	2						5
Senior management	38		2	14	23			1			78
Professionally qualified and experienced specialists and mid-management	85			23	65	3	1	7			184
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents	257	10		18	168	12	4	24			493
Semi-skilled and discretionary decision making	341	3		2	84	3		1			434
Unskilled and defined decision making	408	2		1	329	4					744
TOTAL PERMANENT	1132	15	2	60	669	22	5	33			1938
Temporary employees	40			2	40	0		1			83
GRAND TOTAL	1172	15	2	62	709	22	5	34			2021

4.2.2 Pension Funds

Mbombela Local Municipality employees' pension funds were administered under the following schemes during 2018/2019 financial year

- National Fund of Municipal Workers (NFMW)
- Municipal Workers Retirement Fund (MWRF)
- Municipal Gratuity Fund (MGF)
- Municipal Councillors Pension Fund (MCPF)
- Joint Municipal Pension Fund (JMPF)
- Government Employees Pension Fund (GEPF)
- South African Local Authority Pension Fund (SALA)

4.2.3 Medical Aid Schemes

The following medical aid schemes were utilised by Mbombela Local Municipality's officials for the 2018/2019 financial year

- Hosmed Medical Scheme
- SAMWUMed Medical Scheme
- Bonitas Medical Scheme
- KeyHealth Medical Scheme
- LA Health (Discovery)

4.3 Capacitating the municipal workforce

IDP Priority	Strategic Focus Areas	Key Performance Indicators	2018/2019 Financial Year	
			Target	Actual Performance
Institutional arrangement and development	To build strong sustainable governance and institutional structures and arrangements	Number of employees and councillors trained	Employees 200 Councillors (0)	Employees Training – 31 Learnership - 111 Grade 12 – 11 ABET - 0 Councillors (0)

Internal and External Bursary Information (Comparisons between 2017/2018 and 2018/2019 financial years)

Number of Internal Bursaries Approved In 2016	Number of External Bursaries Approved In 2016	Number of Internal Bursaries Approved In 2017	Number of External Bursaries Approved In 2017	Number of Internal Bursaries Approved In 2018	Number of External Bursaries Approved In 2018
136	6	165	6	300	0

4.4 MFMA Implementation Report: Municipal Regulations on Minimum Competency Levels

Description	Total number of officials employed by municipality	Total number of officials employed by municipal entities	Consolidated Total of A and B	Consolidated: Competency assessments completed for A & B	Consolidated: Total number of officials whose performance agreements comply with Regulation 16	Consolidated: Total number of officials that meet prescribed competency levels
Financial Officials						
Accounting Officer	1	-	1	1	1	1
Deputy: Chief Financial Officer	1	-	1	1	1	1
Senior Managers& Managers	20	-	20	20	-	12
Any other financial officials	68	-	68		-	27
Supply Chain Management Officials	14	-	14			6
Head of supply chain management unit	1	-	1	-	1	1
Supply chain management managers	1	-	1	-	1	1
Total	106	-	106	-	-	49

4.5 Municipal workforce expenditure

Financial Year	Actual expenditure on salaries	% of salaries expenditure against total operating budget
2016/2017	623 425 177	23%
2017/2018	855 277 477	26%
2018/2019	976 415 570	28%

CHAPTER 5: FINANCIAL PERFORMANCE

The City's financial plan has been compiled using the sound budget and financial management practices and principles thus ensuring that municipal services are provided in a sustainable, economical and efficient manner to all communities. The financial sustainability of the City remains fundamental due to the persistent cash flow constraints experienced during the year. The objective during the year has been to create an enabling environment for the turnaround process to be constructive and impactful. Transformational leadership skills has been applied in designing transformational changes to address business process reengineering, organisational culture and employees' growth mind set. This has been applied to a certain extend given the limited financial resources however the City will continue to pursue its objective as an essential attribute to the turnaround process.

Council has at its meeting held 31 May 2017 under item A (4) approved the revenue enhancement strategy which has been implemented during the year in order to ensure that the financial sustainability and liquidity management objectives of the City are significantly improved. Furthermore a liquidity management policy was also approved at the same Council sitting held 31 May 2017 under item A(3) (c). The liquidity policy seeks to give guidance for maintaining sufficient liquidity intensities to meet the liabilities when due, under both normal and stressed conditions without incurring any prohibited expenditure.

The City has also been implementing the financial recovery plan approved by Council at its meeting held 28 June 2018 under item A(3). The financial recovery plan was implemented with all other approved strategies and plans as part of the financial turnaround strategy to improve the financial health of the City.

The City has embarked on the implementation of a range of revenue collection strategies to optimize the collection of debt owed by consumers including government and also implementation of the promulgated credit control and debt collection by law.

Planning and Budgeting Performance

The planning and budgeting process for the City was driven through the implementation of the process plan for Integrated Development Plan, Budget, Performance Management, Risk Management and Human Resources Management approved by Council.

The 2018/2019 budget and medium-term revenue and expenditure framework is prepared at a time when global and national economies are experiencing a period of protracted economic weakness which diminishes private investment. This may be attributed to domestic constraints, associated to political uncertainty, and declining business and consumer

confidence. The local economy began to recover after a short recession in early 2017 however the improvement is insufficient.

Growth has remained stagnant at less than 2 percent and unemployment remained high at 27,1 percent. The prerequisites for increased revenue and expanded service delivery are more rapid growth, investment and job creation.

The main risks to the economic outlook are continued policy uncertainty and deterioration in the finances of state-owned entities. The drought experienced in several provinces poses significant risks to agriculture and tourism for the period ahead, and this may threaten jobs in these sectors

The City has a role to play in ensuring through resources allocated on the budget and the medium-term revenue and expenditure framework that it contributes towards the alleviation of unemployment, poverty and inequality challenges.

As the prospect of economic growth remains sluggish, the impact of this phenomena is that the City will not experience significant improvement on the revenue generation and collection hence a conservative approach is advised for projecting revenue on the medium-term revenue and expenditure framework. The implications of insignificant improvement on the municipal revenue is that there should be a reprioritization of the municipal programmes and elimination of non-priority spending or expenditure to ensure the core service delivery programmes are not adversely affected by this situation.

Vision 2030 Strategy and Integrated Development Plan (IDP)

In line with the National Development Plan, the City has developed a Vision 2030 strategy that would give effect to the integrated growth and development of the City. The Vision 2030 strategy provides a platform and framework for the desired future of the City and that will be achieved through the following four strategic objectives of the strategy;

- (a) To transform the spatial structure of the City.
- (b) To establish a competitive economic position.
- (c) To plan for, install, maintain and operate infrastructure, and provide services more efficiently and on a sustainable basis.
- (d) To lead, direct and manage spatial growth of the City robustly, enhance revenue generation and improve operational efficiency.

The future planning and development of the City will be guided by these four strategic objectives and as a result the 2017-2022 Integrated Development Plan is responding to these strategic objectives. The following key municipal priorities have been identified to take the developmental agenda of the City forward;

- (a) Water supply
- (b) Road infrastructure development and storm water
- (c) Electricity supply and management
- (d) Integrated human settlement
- (e) Good governance and public participation
- (f) Sanitation
- (g) Community development
- (h) Rural development
- (i) Economic development
- (j) Waste and environment management
- (k) Financial viability and management
- (l) Public transport
- (m) Public Safety
- (n) 2010 legacy

The 2017/2018 – 2019/2020 Annual Budget and Medium-Term Revenue and Expenditure Framework was prepared based on the fundamentals of the municipal developmental priorities contained on the Integrated Developmental Plan.

Taking from the development priorities and other institutional factors, the budget was compiled to achieve the following financial and service delivery objectives which include amongst others:

- (a) To improve adherence to legislative, governance and institutional development framework.
- (b) To improve financial performance and sustainability over the long term.
- (c) To ensure the citizens of the City are provided with acceptable levels of services.
- (d) To maintain the existing assets and infrastructure base by ensuring adequate repairs and maintenance is undertaken.
- (e) To achieve a clean audit outcome.
- (f) To enable local economic development initiatives and sustainable employment creation.
- (g) To ensure the smooth transition as a result of the amalgamation process in terms of reorganisation and restructuring of policies, processes and systems.

In response to the IDP municipal developmental priorities and objectives, Council approved an original total budget amount of R3,8 billion (R3,2 billion for operating expenditure and R631 million for capital expenditure) at its meeting held 31 May 2018 under item A(2).

The original budget was subsequently adjusted at the meeting held 28 February 2019 under item A(3) in accordance with Section 28 of the Municipal Finance Management Act, 56 of 2003 read with Regulation 25 of the Municipal Budget and Reporting Regulations to a total amount of R3,940 billion. The approved adjusted operational revenue budget amounted to R3, 337 billion and the operational expenditure amounted to R3, 211 billion. The approved capital budget was R729 million as tabulated below:

2018/2019 BUDGET AMENDMENT FOR THE CITY OF MBOMBELA LOCAL MUNICIPALITY					
DESCRIPTION	2018/2019 ORIGINAL BUDGET	2017/2018 ROLL-OVERS BUDGET	2018/2019 AMENDED BUDGET	MFMA SEC 28 ADJUSTMENTS	2018/2019 ADJUSTED BUDGET
OPERATING REVENUE	R 2,800,491,060	R -	R 2,800,491,060	R 35,055,000	R 2,835,546,060
CAPITAL GRANTS REVENUE	R 536,992,301	R -	R 536,992,301	R 67,421,699	R 604,414,000
TOTAL REVENUE	R 3,337,483,361	R -	R 3,337,483,361	R 102,476,699	R 3,439,960,060
OPERATING EXPENDITURE	R 3,210,279,485	R -	R 3,211,334,485	R 17,544,516	R 3,193,789,969
CAPITAL EXPENDITURE	R 630,592,306	R 109,117,940	R 729,003,333	R 16,771,329	R 745,774,662
TOTAL EXPENDITURE	R 3,840,871,791	R 109,117,940	R 3,940,337,818	-R 773,187	R 3,939,564,631
OPERATING SURPLUS/DEFICIT	R 127,203,876	R -	R 126,148,876	R 120,021,215	R 246,170,091

Due to the implementation of Council approved virement policy, Council approved the final virements amounting to R16 million from the capital expenditure budget to the operating expenditure budget at its meeting held 23 August 2019 under item A (1). This related to the Public Transport Network Grant operating expenditure. The final capital expenditure budget amounted to R514 million and the operating expenditure budget amounted to R3 210 million.

The operating expenditure budget was funded mainly from property rates, service charges and other sundry income which makes up 65 per cent and government grants were 35 per cent.

On the other hand, the funding of the capital budget was primarily sourced from conditional grant funding from the National Revenue Fund which made up 85 per cent and 15 per cent from own generated revenue.

Council approved the implementation of the rates and tariffs for property rates, service charges and sundry charges for the City of Mbombela at its meeting held 31 May 2018 under item A (2) g. The budget related policies and by-laws giving effect to the approved budget were approved by Council at its meeting held 31 May 2018 under item A (3).

The City compiled and certified the General Valuation Roll which was enforceable with effect from 1 July 2018. Valuations are performed every five years in accordance with the Municipal Property Rates Act, 2004.

The table below depicts the financial performance against the final approved budget for the year under review:

	2018/2019 Final Budget	2018/2019 Actual Outcome	Variance	Actual outcome as a % of Final Budget
Financial Performance				
Property rates	606 531 007	631 259 690	-24 728 683	104%
Service charges	1 204 525 029	1 241 828 084	-37 303 055	103%
Investment revenue	1 740 335	34 410 973	-32 670 638	1977%
Transfers recognised - operational	741 060 700	763 700 929	-22 640 229	103%
Other own revenue	276 633 989	181 560 160	95 073 829	66%
Total Revenue (excluding capital transfers and contributions)	2 830 491 060	2 852 759 836	-22 268 776	101%
Employee related costs	887 761 680	936 949 440	-49 187 760	106%
Remuneration of councillors	41 696 435	39 466 130	2 230 305	95%
Debt impairment	0	243 757 993	-243 757 993	0%
Depreciation & asset impairment	540 556 966	506 580 755	33 976 211	94%
Finance charges	40 038 889	90 665 330	-50 626 441	226%
Bulk purchases	791 754 739	746 300 391	45 454 348	94%
Transfers and grants	35 309 620	44 373 351	-9 063 731	126%
Other expenditure	873 161 156	917 953 165	-44 792 009	105%
Total Expenditure	3 210 279 485	3 526 046 555	-315 767 070	110%
Total Revenue (excluding capital transfers and contributions)	2 830 491 060	2 852 759 836	-22 268 776	101%
Total Expenditure	3 210 279 485	3 526 046 555	-315 767 070	110%
Surplus/(Deficit)	-379 788 425	-673 286 719	293 498 294	177%
Transfers recognised - capital	536 992 301	462 555 061	74 437 240	86%
Contributions recognised - capital	0	11 148 491	-11 148 491	100%
Surplus/(Deficit) after capital transfers & contributions	157 203 876	-199 583 167	356 787 043	-127%
Surplus/(Deficit) for the year	157 203 876	-199 583 167	356 787 043	-127%

The Statement of Financial Performance indicates that an audited outcome deficit of R199 million has been realised for the period ended 30 June 2019 in comparison with the R157 million surplus budget projected.

A deficit of R199 million has been realised for the period ended 30 June 2019 and is mainly attributable to the following cost drivers:

- (a) The Municipal Standard Chart of Account requires that the amount for the actual bad debts written off be recognised on the face of the Statement of Financial Performance as it is an expense. An amount of R243 million irrecoverable debt was written off against the provision as approved by Council at its meeting held 31 May 2019 under item A(5).
- (b) Employees related costs overspent by R49 million due to the salary disparities emanating from the amalgamation of the former disestablished municipalities.
- (c) The finance charges indicate an overspending by an amount of R51 million for the reported year. The City is still experiencing cash flow challenges hence some of the Eskom bulk accounts could not be paid within the stipulated timeframes in accordance with Section 65 of the Municipal Finance Management Act No 56 of 2003.

The net operating surplus margin ratio for the year under review was minus 6 per cent which was far less than the norm of greater than 0 per cent which indicates that the municipality is not recovering the operational costs for the services being rendered to the community.

The municipality still experiences challenges in payment of creditors within 30 days on receipt of the invoice as required by section 65 (2) (e) of the Municipal Finance Management Act No. 56 of 2003.

Remuneration which includes employee related costs and Councillors remuneration as a percentage of the total operating expenditure ratio was 28 per cent for the year under review and this is within the set norm of between 25 to 40 per cent.

A clean audit roadmap has been developed and internal control measures have been put in place to ensure that the non-compliance with Legislation matters are dealt with, in totality.

The approved financial recovery plan is currently being implemented to improve the liquidity management objectives of the City. The City has also undertaken stringent cost curtailment measures and budget reprioritization in order to minimize the expenditure not relating to service delivery.

Capital Expenditure Performance

The total amount invested in service delivery projects through the capital budget implementation amounted to R514 million for the 2018/2019 financial year. This evidence the implementation of the developmental priorities of the municipality in line with the Integrated Development Plan.

The capital expenditure to total expenditure ratio which indicates the prioritisation of expenditure towards current operations versus future capacity is 18 per cent which indicates investment in infrastructure programmes and the performance is between the norms of 10 to 20 per cent in accordance with the Municipal Finance Management Act Circular No 71.

Impairment of Property, Plant and Equipment ratio was at 0 per cent which is within the norm of 0 percent and this ratio detects the loss in future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation.

Asset and liability management

The table below is a summary of the audited statement of financial position as at 30 June 2019 in comparison with the final approved budget:

	2018/ 2019 Final Budget	2018/ 2019 Actual	Variance	% Variance
Financial Position				
Total current assets	601 048 644	588 185 753	12 862 891	2%
Total non-current assets	8 160 826 135	7 543 169 564	617 656 571	8%
Total Assets	8 761 874 779	8 131 355 317	630 519 462	7%
Total current liabilities	742 927 037	2 102 071 337	-1 359 144 300	-183%
Total non-current liabilities	552 192 427	618 115 019	-65 922 592	-12%
Total Liabilities	1 295 119 464	2 720 186 356	-1 425 066 892	-110%
Net Assets	7 466 555 315	5 411 168 960	2 055 386 355	28%
Total Net Assets	7 466 555 315	5 411 168 960	2 055 386 355	28%

The Statement of Financial Position indicates that the total actual assets value as at the year ended 30 June 2019 amounted to R8,131 billion with a variance of R630 million or 7 per cent from budgeted assets value of R8,761 billion.

The total liabilities including current and non-current liabilities for the reported period ended 30 June 2019 amounted to R2, 720 billion in comparison with the budgeted total liabilities amount of R2,102 billion resulting in a variance of R1,425 billion or 110 per cent.

The total net assets have underperformed by R2, 055 million or 28 per cent from the budgeted amount of R7, 466 billion to an actual amount of R5,411 billion.

The liquidity position of the City remains a huge area of concern as the current ratio reflects a 0.28:1 ratio and a cash coverage ratio of zero month. The approved financial recovery plan is currently being implemented to improve the liquidity management objectives of the City. The City has also undertaken stringent cost curtailment measures and budget reprioritization in order to minimize the expenditure not relating to service delivery.

No long-term loans were taken during the year. Capital Cost (Interest Paid and Redemption) as a percentage of total operating expenditure ratio for the reported financial period was 3 per cent and the norm is between 6 and 8 per cent. This results alludes to the ability of the municipality to take on additional debt, however this should be viewed in conjunction with the municipality's cash flow risk and ability to meet its short term obligations as they fall due.

The debt to total operating revenue ratio results in 13 per cent for the period under review which is below the norm of 45 per cent. The debt ratio provides assurance that sufficient revenue can be generated by the municipality to service the borrowings.

The municipality continues to update and maintain its asset register in accordance with the Generally Recognised Accounting Practice Framework. Asset Management has been viewed as a critical planning and budgeting tool hence financial resources has been provided to ensure that asset maintenance plans are budgeted for and in future, cash backed assets replacement reserve will be maintained.

Cash flow and investment management

The following tabulates the summary of the cash flow statement for the year ended 30 June 2019 thus indicating the cash inflows and outflows:

Description	2019	2019 Actual	Variance	Variance %
	Final Budget			
<u>Cash flows</u>				
Net Cash From (Used) Operating	679,451,282	562,979,331	116,471,951	17%
Net Cash From (Used) Investing	-619,890,917	-494,433,590	125,457,327	20%
Net Cash From (Used) Financing	-57,246,692	-37,148,864	20,097,828	35%
Cash/Cash Equivalents At The Beginning of the Year	92,886,279	95,031,542	2,145,263	1%
Cash/Cash Equivalents At The Year End	95,199,952	126,428,419	31,713,895	32%

The cash generated from operating activities amounted to R563 million for the period ended 30 June 2019 and indicates a variance of R115 million or 17 per cent from the budgeted amount of R679 million.

The cash utilised for investing activities amounts to R494 million for the period ended 30 June 2019 and indicates a variance of R125 million or 20 per cent from the budgeted amount of R619 million.

Cash flows from financing activities amounted to R37 million for the reported period ended 30 June 2019 indicating a variance of R20 million or 35 per cent from the budgeted amount of R57 million. The cash flow movement from operating financing and investing activities indicates a net decrease in cash and cash equivalents amounting to R 31 million. ‘

The City is implementing innovative cash flow management systems and processes in order to ensure that financial obligations are met when due.

OTHER FINANCIAL MANAGEMENT MATTERS:

Supply chain management

The municipality has been striving to achieve the medium-term strategic objective of ensuring effective, efficient and economical supply chain management process. This was done through the implementation of the approved supply chain management policy to achieve the broader principles of fairness, equitable, transparency, competitiveness and cost effectiveness.

The City has a role to play in ensuring through resources allocated on the budget and the medium-term revenue and expenditure framework that it contributes towards the alleviation of unemployment, poverty and inequality challenges. The City considered the expanded public works programmes initiatives to create employment by utilising labour-intensive mechanisms on implementation of its capital programmes and rendering of certain services.

The Model SCM Policy for Infrastructure Procurement and Delivery Management policy was approved in the Council meeting held on the 28th of June 2017 as per Resolution A (5). The Model Supply Chain Management policy for infrastructure Procurement was implemented with effect from 1 July 2017.

The City has developed Supply Chain Management sourcing strategy which was approved by Council at the meeting held 28 June 2017 under item A(4). One of the objectives of the sourcing strategy is to regulate prices on certain commodities in order to ensure that goods and services are procured in a most economic manner.

The City has been able to drastically decrease to recurrence of the irregular expenditure emanating from the multiple extension of contracts. Implementation of supply chain management systems, reforms and processes has been the pillar to remedy these prohibited expenditures.

All supply chain management reports (quarterly and annually) were consistently reported to the Executive Mayor as required by regulation 6 (3) of the Supply Chain management of 27636 dated 30 May 2005 issued by National treasury which stipulates that: "Municipal Manager must within ten (10) days of the end of each quarter, submit a report on the implementation of the Supply chain management policy to the Mayor of the Municipality or the board of directors of the municipal entity".

Accounting Services and Reporting

The City strives for credible financial accounting and reporting requirements through the use of internal capacity. The financial statements of the municipality were prepared on an accrual basis of accounting in accordance with standards of the General Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board (ASB) which forms part of the GRAP reporting framework.

The annual financial statements were tabled to the audit committee for review and consideration in accordance with Section 166 (b) of the Municipal Finance Management Act no 56 of 2003 prior submission to the Auditor General.

The annual financial statements were prepared and submitted timeously to the Auditor General in compliance with Section 126 (1) of the Municipal Finance Management Act No 56 of 2003.

The financial statements fairly presented the state of affairs of the municipality, its management of revenue, expenditure, assets and liabilities, its business activities, its financial results, and its financial position.

Oversight and operational continuity.

Oversight roles and responsibilities are undertaken by various section 79 committees and the Municipal Public Accounts Committee (MPAC) in terms of the governance model and administratively through the functional governance structures which includes audit committee, risk management committee and the internal audit unit.

Although the City has been unable to meet all its current obligations within the legislated 30 days period on receipt of an invoice or statement in accordance with Section 65 of the Municipal Finance Management Act No 56 of 2003, the City has made a going concern assessment as at 30 June 2018 taking into account the approved five year Integrated Development Plan, three year medium term revenue and expenditure framework and long term financial plan which evidences the operational continuity of the municipality.

The approved financial recovery plan was implemented during the year to improve the liquidity management objectives of the City. The City has also undertaken stringent cost curtailment measures and budget reprioritization in order to minimize the expenditure not relating to service delivery.

Audit Outcome

The City has obtained a qualified audit opinion relating to unreconciled items on the bank reconciliation. The regressed audit outcome stimulated learning and change management through the growth mind-set approach. In addressing the regression of the audit outcome, the City has conducted a 360^o assessment and subsequently developed a clean audit road map. The clean audit roadmap incorporate compliance, leadership, organisational culture, employees' behaviour, internal controls, and governance and systems subjects. The clean

audit roadmap will be implemented in conjunction with all other strategies and plans in order to ensure financial and service delivery sustainability.

Conclusion

The municipality remains committed to continue strengthening its financial position as well as the attainment of a clean audit and the achievement of the long-term strategic objective of turning around the City into a financially sustainable and resilient institution.

CHAPTER 6: AUDITOR GENERAL AUDIT FINDINGS

6.1 Auditor General's Report

Report of the auditor-general to the Mpumalanga Provincial Legislature and the council on the City of Mbombela Local Municipality and its entity

Report on the audit of the consolidated financial statements

Qualified opinion

1. I have audited the consolidated financial statements of the City of Mbombela Local Municipality and its entity set out on pages 259 to 387, which comprise the consolidated statement of financial position as at 30 June 2019, the consolidated statement of financial performance, statement of changes in net assets, cash flow statement and the statement of comparison of budget and actual amounts for the year then ended, as well as the notes to the consolidated financial statements, including a summary of significant accounting policies.
2. In my opinion, except for the possible effects of the matter described in the basis for qualified opinion section of this auditor's report, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the City of Mbombela Local Municipality and its entity as at 30 June 2019, and their financial performance and cash flows for the year then ended in accordance with the South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Municipal Finance Management Act, 2003 (Act No. 56 of 2003) (MFMA) and the Division of Revenue Act, 2018 (Act No. 1 of 2018) (Dora).

Basis for qualified opinion

Cash and cash equivalents

3. I identified unreconciled differences between the cash book and the bank statement balance that could not be supported by sufficient and appropriate evidence. The municipality did not have adequate systems in place to maintain records of cash and cash equivalents. I could not confirm the cash and cash equivalents by alternative means. Consequently, I was unable to determine whether any adjustments were necessary to cash and cash equivalents disclosed in note 9 to the financial statements, stated at R126 428 419 in the financial statements.

Context for the opinion

4. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the auditor-general's responsibilities for the audit of the consolidated financial statements section of this auditor's report.

5. I am independent of the group in accordance with sections 290 and 291 of the International Ethics Standards Board for Accountants' *Code of ethics for professional accountants* and, parts 1 and 3 of the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA codes) as well as the ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA codes.
6. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Material uncertainty relating to going concern/ financial sustainability

7. I draw attention to the matter below. My opinion is not modified in respect of this matter.
8. I draw attention to note 63 to the consolidated financial statements, which indicates that the municipality incurred a net loss of R199 579 098 (2017-18: R210 661 448) during the year ended 30 June 2019 and, as of that date, the municipality's current liabilities exceeded its current assets by R1 513 849 692 (2017-18: R1 335 888 651). As stated in note 63, these events or conditions, along with other matters as set forth in note 63, indicate that a material uncertainty exists that may cast significant doubt on the financial sustainability of the municipality.

Emphasis of matters

9. I draw attention to the matters below. My opinion is not modified in respect of these matters.

Restatement of corresponding figures

10. As disclosed in note 50 to the consolidated financial statements, the corresponding figures for 30 June 2018 were restated as a result of errors in the financial statements of the municipality at, and for the year ended, 30 June 2019.

Events after reporting date

11. As disclosed in note 65 to the consolidated financial statements, grant funding amounting to R101,8 million was not approved for rollover by the National Treasury.

Unauthorised expenditure

12. As disclosed in note 58 to the consolidated financial statements, the municipality incurred unauthorised expenditure of R267 153 091, due to overspending of the approved operational budget.

Fruitless and wasteful expenditure

13. As disclosed in note 59 to the consolidated financial statements, the municipality incurred fruitless and wasteful expenditure of R38 041 859, due to interest charges on overdue accounts.

Irregular expenditure

14. As disclosed in note 60 to the consolidated financial statements, the municipality incurred irregular expenditure of R208 935 017, as it did not follow proper procurement and contract management processes.

Material impairments – trade receivables

15. As disclosed in notes 5 and 7 to the consolidated financial statements, the receivables balance was significantly impaired. The total impairment of receivables amounted to R216 025 282 (2017-18: R327 255 103), which represented 43% (2017-18: 58%) of the total receivables. As disclosed in note 43, actual bad debts of R243 757 993 (2017-18: R252 693 799) were written off.

Material losses – electricity

16. As disclosed in note 56 to the consolidated financial statements, material electricity losses of R121 604 570 (2017-18: R106 030 614) were incurred, which represented 17,12% (2017-18: 16%) of the total electricity purchased.

Material losses – water

17. As disclosed in note 56 to the consolidated financial statements, material water losses of R6 955 440 (2017-18: R4 731 946) were incurred, which represented 25,20% (2017-18: 20,50%) of the total water pumped.

Other matter

18. I draw attention to the matter below. My opinion is not modified in respect of this matter.

Unaudited disclosure note

19. In terms of section 125(2)(e) of the MFMA, the municipality is required to disclose particulars of non-compliance with the MFMA in the financial statements. This disclosure requirement did not form part of the audit of the consolidated financial statements and, accordingly, I do not express an opinion on it.

Responsibilities of accounting officer for the consolidated financial statements

20. The accounting officer is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the SA Standards of GRAP and the requirements of the MFMA and Dora, and for such internal control as the accounting officer determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.
21. In preparing the consolidated financial statements, the accounting officer is responsible for assessing the group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the group or to cease operations, or has no realistic alternative but to do so.

Auditor-general's responsibilities for the audit of the consolidated financial statements

22. My objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.
23. A further description of my responsibilities for the audit of the consolidated financial statements is included in the annexure to this auditor's report.

Report on the audit of the annual performance report

Introduction and scope

24. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof, I have a responsibility to report material findings on the reported performance information against predetermined objectives for selected development priorities presented in the annual performance report. I performed procedures to identify findings but not to gather evidence to express assurance.
25. My procedures address the reported performance information, which must be based on the approved performance planning documents of the municipality. I have not evaluated the completeness and appropriateness of the performance indicators/measures included in the planning documents. My procedures also did not extend to any disclosures or assertions relating to planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.
26. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected development priorities presented in the annual performance report of the municipality for the year ended 30 June 2019:

Development priorities	Pages in annual performance report
Water supply	40 - 51
Sanitation	51 - 53
Electricity supply and energy management	53 - 54
Roads infrastructure development and storm water	55 - 57

Development priorities	Pages in annual performance report
Public transport	57 - 58
Rural development	59 - 59
Waste and environmental management	60 - 60

27. I performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.

28. I did not raise any material findings on the usefulness and reliability of the reported performance information for these development priorities:

- Water supply
- Sanitation
- Electricity supply and energy management
- Roads infrastructure development and storm water
- Public transport
- Rural development
- Waste and environmental management

Other matters

29. I draw attention to the matters below.

Achievement of planned targets

30. Refer to the annual performance report on pages xx to xx for information on the achievement of planned targets for the year.

Adjustment of material misstatements

31. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were on the reported performance information of water supply, sanitation, electricity supply and energy management, roads infrastructure development and storm water, and public transport. As management subsequently corrected the misstatements, I did not raise any material findings on the usefulness and reliability of the reported performance information.

Report on the audit of compliance with legislation

Introduction and scope

32. In accordance with the PAA and the general notice issued in terms thereof, I have a responsibility to report material findings on the compliance of the group with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.
33. The material findings on compliance with specific matters in key legislations are as follows:

Annual financial statements, performance reports and annual reports

34. The consolidated financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122(1) of the MFMA. Material misstatements in the cash flow statement and disclosure items identified by the auditors in the submitted financial statements were subsequently corrected, but the supporting records that could not be provided resulted in the consolidated financial statements receiving a qualified audit opinion.

Expenditure management

35. Money owed by the municipality was not always paid within 30 days, as required by section 65(2)(e) of the MFMA.
36. Reasonable steps were not taken to prevent unauthorised expenditure amounting to R267 153 091, as disclosed in note 58 to the consolidated financial statements, in contravention of section 62(1)(d) of the MFMA. All of the unauthorised expenditure was caused by overspending of the operational budget.
37. Reasonable steps were not taken to prevent fruitless and wasteful expenditure amounting to R38 041 859, as disclosed in note 59 to the consolidated financial statements, in contravention of section 62(1)(d) of the MFMA. All of the disclosed fruitless and wasteful expenditure was caused by interest charged on overdue trade payables.
38. Reasonable steps were not taken to prevent irregular expenditure amounting to R208 935 017, as disclosed in note 60 to the consolidated financial statements, as required by section 62(1)(d) of the MFMA. The majority of the irregular expenditure was caused by procuring services through the extension of contracts, deviating from normal procurement processes and participating in awards by other organs of state rather than by inviting competitive bids.

Procurement and contract management

39. Some of the goods and services with a transaction value above R200 000 were procured without inviting competitive bids, as required by supply chain management (SCM) regulation 19(a), but rather through multiple extensions of contracts and

deviations from normal supply chain processes. Similar non-compliance was also reported in the prior year.

40. Some of the invitations for competitive bidding were not advertised for the required minimum period, in contravention of SCM regulation 22(1) and 22(2). This non-compliance was identified in the current year relating to the procurement processes for the appointment of consultants in the 2015-16 financial year.
41. Measures to combat the abuse of the SCM system were not implemented as per the requirements of SCM regulation 38(1). This related to instances identified in the current year relating to a prior year, as some contracts were awarded in the 2015-16 financial year to providers who had failed to disclose if they had been convicted of fraud or corruption during the previous five years.

Consequence management

42. Cases of financial misconduct that constitutes a crime committed by officials were not always reported to the South African Police Service, as required by municipal regulation on financial misconduct procedures and criminal proceedings 10(1).

Other information

43. The accounting officer is responsible for the other information. The other information comprises the information included in the annual report. The other information does not include the consolidated financial statements, the auditor's report and those selected development priorities presented in the annual performance report that have been specifically reported on in this auditor's report.
44. My opinion on the consolidated financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion thereon.
45. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected development priorities presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
46. I have nothing to report in this regard.

Internal control deficiencies

47. I considered internal control relevant to my audit of the consolidated financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance on it. The matters reported below are limited to the significant internal control deficiencies that

resulted in the basis for the qualified opinion, the findings on the annual performance report and the findings on compliance with legislation included in this report.

- 48. Recording, reviewing and reporting processes and controls over current assets and disclosure notes in the consolidated financial statements were not adequate.
- 49. The municipality did not have sufficient monitoring controls to prevent unauthorised, irregular as well as fruitless and wasteful expenditure.
- 50. Non-compliance with legislation could have been prevented had compliance been properly reviewed and monitored.

Auditor - General

Mbombela

13 December 2019



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

Annexure – Auditor-general’s responsibility for the audit

1. As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the consolidated financial statements, and the procedures performed on reported performance information for selected development priorities and on the municipality’s compliance with respect to the selected subject matters.

Financial statements

2. In addition to my responsibility for the audit of the consolidated financial statements as described in this auditor’s report, I also:
 - identify and assess the risks of material misstatement of the consolidated financial statements whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
 - obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the municipality’s internal control
 - evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the accounting officer
 - conclude on the appropriateness of the accounting officer’s use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the City of Mbombela Local Municipality and its entity’s ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor’s report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify the opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor’s report. However, future events or conditions may cause the municipality to cease continuing as a going concern
 - evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation
 - obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion

Communication with those charged with governance

3. I communicate with the accounting officer regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.
4. I also confirm to the accounting officer that I have complied with relevant ethical requirements regarding independence, and communicate all relationships and other matters that may reasonably be thought to have a bearing on my independence and, where applicable, related safeguards.

6.2 Remedial Action Plan to address audit findings and Clean Audit Roadmap

CITY OF MBOMBELA CLEAN AUDIT ROADMAP					
Problem Statement	Proposed Remedial Action	Portfolio of Evidence	Responsible Senior Manager	Responsible Manager	Time frame
Revenue Generation and Enhancement					
Revenue Collection					
Inadequate sundry debtors management	Outdoor Advertising				
	Conduct an investigation on outdoor advertising revenue and propose measures to ensure optimal collection.	Outdoor advertising register	General Manager: City Planning and Chief Financial Officer	Senior Manager: Revenue	Tuesday, March 31, 2020
	Landfill site revenue				
	Develop mechanisms of ensuring all revenue due at the landfill site is recorded and collected accordingly	Landfill site (Opto Gauteng) monthly report	General Manager: Community Services and Chief Financial Officer	Senior Manager: Revenue	Tuesday, March 31, 2020
	Leases				
	Finalisation of lease agreements	Lease Agreements	General Manager: City Planning and Chief Financial Officer	Senior Manager: Revenue	Tuesday, March 31, 2020
	Review of existing lease agreements in lieu of market related rentals	Reviewed Lease portfolio	General Manager: City Planning and Chief Financial Officer	Senior Manager: Revenue	Tuesday, March 31, 2020
	Update and maintain lease registers	Updated Lease register	General Manager: City Planning and Chief Financial Officer	Senior Manager: Revenue	Tuesday, March 31, 2020
	Reconciliation and collection of lease income	Sundry revenue report	General Manager: City Planning and Chief Financial Officer	Senior Manager: Revenue	Tuesday, March 31, 2020

CITY OF MBOMBELA CLEAN AUDIT ROADMAP					
Problem Statement	Proposed Remedial Action	Portfolio of Evidence	Responsible Senior Manager	Responsible Manager	Time frame
	Rentals & booking of facilities				
	Develop a register of all rental facilities	Facilities rental register	General Manager: Community Services and Chief Financial Officer	Senior Manager: Revenue	Tuesday, March 31, 2020
	Review and implement business processes for renting out of facilities	Approved business processes	General Manager: Community Services and Chief Financial Officer	Senior Manager: Revenue	Tuesday, March 31, 2020
	Activity based costing / Benchmark rental prices	Report on costing	General Manager: Community Services and Chief Financial Officer	Senior Manager: Revenue	Tuesday, March 31, 2020
	Implement a proper record keeping system for all bookings	Electronic Booking register	General Manager: Community Services and Chief Financial Officer	Senior Manager: Revenue	Tuesday, March 31, 2020
	Cemetery Management				
	Review, update and implement business processes for cemeteries	Approved cemetery business processes	General Manager: Community Services and Chief Financial Officer	Senior Manager: Revenue	Tuesday, June 30, 2020

CITY OF MBOMBELA CLEAN AUDIT ROADMAP					
Problem Statement	Proposed Remedial Action	Portfolio of Evidence	Responsible Senior Manager	Responsible Manager	Time frame
	Reconciliation between revenue received and cemetery system	Reconciliation report	General Manager: Community Services and Chief Financial Officer	Senior Manager: Revenue	Tuesday, June 30, 2020
	City Planning related revenue				
	Review, update and implement business processes for City Planning related revenue	Approved business processes	General Manager: City Planning and Chief Financial Officer	Senior Manager: Revenue	Tuesday, March 31, 2020
	Review Service Contributions management	Approved Services contribution manual	General Manager: City Planning and Chief Financial Officer	Senior Manager: Revenue	Tuesday, March 31, 2020
	Formalization and transfer of ownership	Conveyancing report	General Manager: City Planning and Chief Financial Officer	Senior Manager: Revenue	Tuesday, March 31, 2020
	Energy related revenue				
	Review, update and implement business processes for Energy related revenue	Approved business processes	General Manager : Energy and Chief Financial Officer	Senior Manager: Revenue	Tuesday, June 30, 2020
	Traffic fines				

CITY OF MBOMBELA CLEAN AUDIT ROADMAP					
Problem Statement	Proposed Remedial Action	Portfolio of Evidence	Responsible Senior Manager	Responsible Manager	Time frame
	Traffic fines collection strategy be developed	Approved traffic fine collection strategy	General Manager Public Safety and Chief Financial Officer	Senior Manager: Revenue	Tuesday, March 31, 2020
	Implementation of automated number plate recognition vehicle	Report on collection using ANPRV	General Manager Public Safety and Chief Financial Officer	Senior Manager: Revenue	Tuesday, March 31, 2020
	Finalisation of the appointment of service provider to process traffic fines	Appointment letter	General Manager Public Safety and Chief Financial Officer	Senior Manager: Revenue	Tuesday, March 31, 2020
	Review roles and functionality of the municipal court	Municipal court functionality report	General Manager Public Safety and Chief Financial Officer	Senior Manager: Revenue	Tuesday, March 31, 2020
	Develop and implement reporting and cost recovery strategy	Cost benefit analysis report	General Manager Public Safety and Chief Financial Officer	Senior Manager: Revenue	Tuesday, March 31, 2020
Billing and prepayment system	Implement combined or consolidated account for rates and services charge per residential (domestic) property or customer	Consolidated municipal accounts	Senior Manager: Revenue	Manager: Billing and Accounts	Tuesday, March 31, 2020
	Implement electronic system such as email, SMS etc. for distribution of municipal accounts	Billing system audit trail reports	Senior Manager: Revenue	Manager: Billing and Accounts	Tuesday, March 31, 2020
	Review management of pre-paid system and reconcile sales with income weekly.	Reviewed weekly reconciliations	Senior Manager: Revenue	Manager: Customer Care and Cash Collections	Tuesday, March 31, 2020

CITY OF MBOMBELA CLEAN AUDIT ROADMAP					
Problem Statement	Proposed Remedial Action	Portfolio of Evidence	Responsible Senior Manager	Responsible Manager	Time frame
	Reconcile and deposit collected pre-paid revenue from vendors on a daily basis	Daily bank deposits reconciliation reports	Senior Manager: Revenue	Manager: Customer Care and Cash Collections	Tuesday, March 31, 2020
	Review income votes	Report on reviewed votes	Senior Manager: Revenue	Manager: Billing and Accounts	Tuesday, March 31, 2020
	Review accounts integrating to interdepartmental charges	Report on interdepartmental charges	Senior Manager: Revenue	Manager: Billing and Accounts	Tuesday, March 31, 2020
	Reconciliation of property master file, consolidated valuation roll, deeds, cadastre, billing system and all services	Consolidated report	Senior Manager: Revenue; Senior Manager Valuations	Manager: Billing and Accounts	Tuesday, March 31, 2020
	Develop and implement monthly billing cycle programme which should reflect the billing dates, meter reading dates, accounts distribution dates, accounts payment due dates etc.	Approved billing cycle programme	Senior Manager: Revenue	Manager: Billing and Accounts	Tuesday, June 30, 2020
	Conduct billing database cleansing project	Data cleansing report	Senior Manager: Revenue	Manager: Billing and Accounts	Tuesday, June 30, 2020
	Standardize billing cycle dates for the whole of the City	Approved billing cycle programme	Senior Manager: Revenue	Manager: Billing and Accounts	Tuesday, June 30, 2020
Metering management	Installation of bulk meters for water and electricity to manage and verify bulk purchases	Approved budget, reports of installed bulk meters	General Manager: Energy; General Manager: Water and Sanitation	Senior Manager: Revenue	Tuesday, June 30, 2020

CITY OF MBOMBELA CLEAN AUDIT ROADMAP					
Problem Statement	Proposed Remedial Action	Portfolio of Evidence	Responsible Senior Manager	Responsible Manager	Time frame
	Installation of zonal meters for water and electricity to manage and verify distribution losses per area.	Reports of installed zonal meters, monthly distribution losses reconciliations	General Manager: Energy; General Manager: Water and Sanitation	Senior Manager: Revenue	Monthly
	Repair, replace and install meters on properties or customers listed on the billing deviation or exception reports	Monthly exceptions reports and reports on meters attended to	General Manager: Energy; General Manager: Water and Sanitation	Senior Manager: Revenue	Monthly
	Inspect, repair and replace prepayment meters on properties or customers listed on the prepayment zero and low purchase report.	Monthly prepayment zero and low purchase reports and report on meters attended to	General Manager: Energy; General Manager: Water and Sanitation	Senior Manager: Revenue	Monthly
	Meter reading for electricity and water should be performed on a monthly basis	Monthly meter reading reports	Senior Manager: Revenue	Manager: Billing and Accounts	Monthly
	Conduct an audit on commercial and industrial customers consuming 100 kVa and above, and bulk water customers and correct any errors or malfunctioning of the meters.	Meter audit reports	Senior Manager: Revenue	Manager: Billing and Accounts	Monthly
Credit Control Enforcement	Charge interest on arrears or municipal accounts not settled on due date. Interest should be charged at prime lending rate plus one percent.	Approved Policy and interest charges reports	Senior Manager: Revenue	Manager: Credit Control and Free Basic Services	Tuesday, March 31, 2020
	Send SMS reminders, warnings messages and final demand letters to customers who are in arrears or have not settled their accounts on due date	Confirmation reports	Senior Manager: Revenue	Manager: Credit Control and Free Basic Services	Monthly

CITY OF MBOMBELA CLEAN AUDIT ROADMAP					
Problem Statement	Proposed Remedial Action	Portfolio of Evidence	Responsible Senior Manager	Responsible Manager	Time frame
	Cut off or disconnect or restrict services should customers not make payment arrangements or settle arrears within the prescribed period stipulated on the credit control and debt collection policy.	Disconnection lists or reports	Senior Manager: Revenue	Manager: Credit Control and Free Basic Services	Monthly
	Charge reconnection fees for restoration of disconnected services due to non-payment	Reconnection fees charged reports	Senior Manager: Revenue	Manager: Credit Control and Free Basic Services	Monthly
	Increase the consumer deposits for defaulting customers on an annual basis	Adjusted consumer deposits reports	Senior Manager: Revenue	Manager: Credit Control and Free Basic Services	Tuesday, June 30, 2020
	Enforcement of by-laws for tampering and theft of municipal services, including reporting the SAPS.	Incidents reports	Senior Manager: Revenue	Manager: Credit Control and Free Basic Services	Ongoing
Effective debt collection measures	Identify government officials and public office bearers (MPs, MPL etc.) who are in arrears with consumer accounts and enter into payment arrangements	Government officials debtors reports and payment arrangements	Senior Manager: Revenue	Manager: Credit Control and Free Basic Services	Quarterly
	Identify Councillors and Officials who are in arrears and enter into payment arrangements	Councillors and officials debtors reports and payment arrangements	Senior Manager: Revenue	Manager: Credit Control and Free Basic Services	Quarterly
	Identify top 100 customers, and ensure credibility of accounts and implement debt collection measures	Top 100 debtors listing or age analysis reports	Senior Manager: Revenue	Manager: Credit Control and Free Basic Services	Monthly

CITY OF MBOMBELA CLEAN AUDIT ROADMAP					
Problem Statement	Proposed Remedial Action	Portfolio of Evidence	Responsible Senior Manager	Responsible Manager	Time frame
	All monies collected by municipality and third party collecting agencies must be deposited into municipal primary bank account	Confirmation of compliance with Section 8 of the MFMA	Senior Manager: Revenue	Manager: Customer Care and Cash Collections	Monthly
	Focus on Government Debt collection from schools during time of grant transfers	Schools debt list submitted to Department of Education	Senior Manager: Revenue	Manager: Debt Collection	Monthly
	Appoint debt collectors on a commission basis, if no internal debt collection unit exist in the municipality and handover arrears accounts above 60 days old	Appointment letters, Service Level Agreements and debt handed over reports	Senior Manager: Revenue	Manager: Debt Collection	Once off
	Consider write off of irrecoverable debts (this may include prescribed inactive arrear accounts, untraceable debtors, deceased debtors, indigent debtors etc.) in line with respective policy	Council resolution for irrecoverable debts	Senior Manager: Revenue	Manager: Debt Collection	Annually
	Implement payment incentives to arrears customers who entered into and honour payment arrangements (<i>write off certain portion of the debt as an incentive</i>)	Approved Policy and payment incentives reports	Senior Manager: Revenue	Manager: Debt Collection	Annually
	Implement incentives to encourage payment, and to reward good payers of municipal account, this will be reflected in annual budgets as additional expenditure. (A percentage rebate or discount can be considered as an incentive if account paid in full before due date)	Approved Policy and payment incentives reports	Senior Manager: Revenue	Manager: Debt Collection	Annually
	Implement rebate or discount on property rates for old age pensioners who are above the indigent monthly income threshold amount	Approved policy and rebates reports	Senior Manager: Revenue	Manager: Debt Collection	Annually

CITY OF MBOMBELA CLEAN AUDIT ROADMAP					
Problem Statement	Proposed Remedial Action	Portfolio of Evidence	Responsible Senior Manager	Responsible Manager	Time frame
	Develop a strategy for debt collection where credit control measures cannot be implemented	Approved collection strategy	Senior Manager: Revenue	Manager: Debt Collection	Tuesday, March 31, 2020
Customer interaction and cash collection improvement	Provide training to frontline or customer enquiry officials on customer care	Proof of training provided	Senior Manager: Revenue	Manager: Customer Care and Cash Collections	Tuesday, March 31, 2020
	Implement service agreement to be completed by all customers when opening municipal accounts	Completed service agreements	Senior Manager: Revenue	Manager: Customer Care and Cash Collections	Tuesday, March 31, 2020
	Investigate system enhancement for approval of data processed with opening of new accounts	Completed service agreements	Senior Manager: Revenue	Manager: Customer Care and Cash Collections	Tuesday, March 31, 2020
	Provide facilities where customers can enquire, query and complain, and redress about municipal accounts and service delivery challenges	Customer care facilities established	Senior Manager: Revenue	Manager: Customer Care and Cash Collections	Immediately
	Ensure monies collected or received from customers, third party collection agencies is deposited into the municipal primary bank account on a daily or regular basis	Service Level Agreements and daily cash deposits reconciliations	Senior Manager: Revenue	Manager: Customer Care and Cash Collections	Immediately
	Non acceptance of cheques for payment of municipal accounts or any services	Approved Cash management policy	Senior Manager: Revenue	Manager: Customer Care and Cash Collections	Immediately
	Provide credit and debit cards, electronic fund transfers, debit orders and third party collection agencies facilities for payment of municipal accounts	Facilities made available	Senior Manager: Revenue	Manager: Customer Care and Cash Collections	Immediately
Management of Indigent households and provision of free basic services	To subscribe with Credit Bureau Agencies to enable municipalities to obtain data that assist with indigent data verification and consumer information	Service Level Agreement	Senior Manager: Revenue	Manager: Credit Control and Free Basic Services	Friday, February 28, 2020

CITY OF MBOMBELA CLEAN AUDIT ROADMAP					
Problem Statement	Proposed Remedial Action	Portfolio of Evidence	Responsible Senior Manager	Responsible Manager	Time frame
	Limit Free Basic Services to indigent households	Approved indigent policy and Tariff Policy	Senior Manager: Revenue	Manager: Credit Control and Free Basic Services	Tuesday, June 30, 2020
	Conduct a thorough verification process of households application to update indigent register	Verification reports and updated indigent register	Senior Manager: Revenue	Manager: Credit Control and Free Basic Services	Ongoing
Supply Chain Management					
Bid Committees					
Lack of proper planning	Book meetings on Outlook for all bid committee meetings for 19/20 financial year	Outlook calendar report	Senior Manager: SCM	Manager: SCM	Saturday, February 15, 2020
	Monthly progress reports on the progress of the procurement implementation plan	COM Tender register report	Senior Manager: SCM	Manager: SCM	ongoing-Monthly basis
	Review contract expiry dates Contracts declared as irregular, must be advertised Contracts expired/expiring up to 30 June 2020.	Procurement Certificates/ procurement plans	Senior Manager: SCM	Manager: SCM	Friday, February 28, 2020
	Consolidation of all contracts and submission for incorporation into adjusted procurement plan	Approved Procurement Plans	Senior Manager: SCM	Manager: SCM	Tuesday, March 31, 2020
	Consolidation of all contracts and have one motivation for outsourcing memorandum submitted to the Accounting Officer	Approved memo/Procurement Certificate/Approved Procurement Plans	Senior Manager: SCM	Manager: SCM	Wednesday, April 1, 2020

CITY OF MBOMBELA CLEAN AUDIT ROADMAP					
Problem Statement	Proposed Remedial Action	Portfolio of Evidence	Responsible Senior Manager	Responsible Manager	Time frame
Capacity of Bid Committee Members	Incorporate sitting in the bid committees in the job descriptions of the Managers, Senior managers and General Managers	Job descriptions report	General Manager Corporate Services	Manager: SCM	Wednesday, April 1, 2020
	Review the appointments of Bid committee members in line with the SCM regulations	Approved Bid Committee appointment letters.	Senior Manager: SCM	Manager: SCM	Thursday, February 20, 2020
	Investigate incentive/disincentives			Manager: SCM	
	Provide training to all the Bid committees' members	Attendance Register	Senior Manager: SCM	Manager: SCM	Thursday, February 20, 2020
	Have supply chain management practitioner present in each meeting to provide advice in line with the supply chain management regulations	Attendance Register	Senior Manager: SCM	Manager: SCM	Wednesday, January 1, 2020
Non-attendance of bid committees	Book meetings on Outlook for all bid committee meetings for 19/20 financial year	Outlook calendar report	Senior Manager: SCM	Manager: SCM	Saturday, February 1, 2020
	Consider consequence management on non-attendance	Attendance register	Municipal Manager	Manager: SCM	
Poor quality and non-review of specifications	Procurement Certificates Review Funding / Budget portion and motivation thereof	Procurement Certificates/ procurement plans	Senior Manager: SCM	Manager: SCM	
	Revise / Review Bid Committee - Check Lists	Approved Bid committee checklist	Senior Manager: SCM	Manager: SCM	Saturday, February 1, 2020
	Establish technical specification reviewal committees	Approved Terms of Reference	Chief Financial Officer	Manager: SCM	Tuesday, March 31, 2020

CITY OF MBOMBELA CLEAN AUDIT ROADMAP					
Problem Statement	Proposed Remedial Action	Portfolio of Evidence	Responsible Senior Manager	Responsible Manager	Time frame
	Develop terms of reference for technical specification reviewal committees	Approved Terms of Reference	Chief Financial Officer	Manager: SCM	Tuesday, March 31, 2020
Poor quality of technical evaluation reports	Revise / Review Bid Committee - Check Lists	Approved Bid Committees checklist	Senior Manager: SCM	Manager: SCM	
	Bid evaluation committee chairperson to be the one who tables the bid evaluation committee report to the bid adjudication committee	Approved Standard Operating Procedures (SOP)	Senior Manager: SCM	Manager: SCM	
Poor quality of minutes	Have electronic recording of all bid committee meetings	Electronic recorder	Senior Manager: SCM	Manager: SCM	
	Appoint two officials to take minutes for all finance meetings and all bid committee meetings.	Appointment letters	Senior Manager: SCM	Manager: SCM	Tuesday, June 30, 2020
Contract Management					
Appointment Letters	Rates based appointment letters must be capped in line with bid specification	Service Level Agreement	Senior Manager: SCM	Manager: SCM	Tuesday, March 31, 2020
	Appointment letter must state the start and end date of the project	Service Level Agreement	Senior Manager: SCM	Manager: SCM	Tuesday, March 31, 2020
	Appointment letter must state rate VAT inclusive for VAT registered bidders and VAT exclusive for non VAT registered suppliers and state that it a non-Vat registered supplier. Should the bidder register for VAT later he may increase the rate with the VAT percentage	Service Level Agreement	Senior Manager: SCM	Manager: SCM	Tuesday, March 31, 2020
	Registration numbers must be included on the appointment letter	Appointment letters	Senior Manager: SCM	Manager: SCM	Tuesday, March 31, 2020
Yellow Plant					

CITY OF MBOMBELA CLEAN AUDIT ROADMAP					
Problem Statement	Proposed Remedial Action	Portfolio of Evidence	Responsible Senior Manager	Responsible Manager	Time frame
- Ownership	Verified with tender	eNatis records	Senior Manager: SCM	Manager: SCM	Tuesday, March 31, 2020
- Allocation within capped number of vehicles as per the appointment letter	Centralised allocation of work orders	Centralised contract services email portal	Senior Manager: SCM	Manager: SCM	Tuesday, March 31, 2020
Purchase orders for 30 days / charged for down time	Should plant and equipment be needed for more than 15 days per month per section - motivation letter to be approved by MM (exclusion of water tankers)	Approval letter.	Senior Manager: SCM	Manager: SCM	Tuesday, March 31, 2020
	All water tankers must be fitted with tracking devices for monitoring purposes, print outs must be attached to payment documentations	Tracking device report	Senior Manager: SCM	Manager: SCM	Tuesday, March 31, 2020
	Registration numbers must be included on Quotations and Orders	Service Level Agreement	Senior Manager: SCM	Manager: SCM	Tuesday, March 31, 2020
Appointment of suppliers not registered for VAT (Tender value > than threshold of R 1m per annum)	Consult with the contracted service provider relating capping these suppliers to R 1 m per annum	Financial system report	Senior Manager: SCM	Manager: SCM	Tuesday, March 31, 2020
	Cap supplier on appointment letter to R 1m per annum subject to VAT registration	Financial system report	Senior Manager: SCM	Manager: SCM	Tuesday, March 31, 2020
Service level agreements - lack of synergy between tender document, appointment letter and SLA	All SLA must be completed and signed within 14 days	Signed SLA	Senior Manager: SCM	Manager: SCM	Tuesday, March 31, 2020
Contract register - lack of synergy between contract register, performance and commitment register	Investigate usage of contract register on financial system	Financial system report	Senior Manager: SCM	Manager: SCM	Tuesday, March 31, 2020

CITY OF MBOMBELA CLEAN AUDIT ROADMAP					
Problem Statement	Proposed Remedial Action	Portfolio of Evidence	Responsible Senior Manager	Responsible Manager	Time frame
Performance of contractors	Monthly progress report to Senior Management Committee on project implementation ito Section 116 of MFMA	CoMTender report	Senior Manager: SCM	Manager: SCM	Tuesday, March 31, 2020
	Develop high level terms of reference and template for monthly reports as described above	CoMTender report	Senior Manager: SCM	Manager: SCM	Tuesday, March 31, 2020
	Consolidate all service delivery progress reports for submission to Council	CoMTender report	Senior Manager: SCM	Manager: SCM	Tuesday, March 31, 2020
	Quarterly progress report to Council on project implementation ito Section 116 of MFMA	CoMTender report	Senior Manager: SCM	Manager: SCM	Tuesday, March 31, 2020
Financial Planning and Budgeting					
Unfunded Budget	Current years contracted services, operational costs and other non-priority spending items to be reduced in order to accommodate the creditors as well as the commitments during adjustments budget	Adjustments Budget	Senior Manager: Budget and Reporting	Manager: Budget	Friday, January 31, 2020
	Draft Budget for 2020/2021 and MTREF to accommodate accurate projection of payables and receivables in order to be funded	National Treasury Report on the draft budget	Senior Manager: Budget and Reporting	Manager: Budget	Thursday, April 30, 2020
Incremental annual budgeting on operating expenditure	Implement a zero based budgeting approach for operating expenditure	Approved funded budget	Senior Manager: Budget and Reporting	Manager: Budget	Tuesday, June 30, 2020

CITY OF MBOMBELA CLEAN AUDIT ROADMAP					
Problem Statement	Proposed Remedial Action	Portfolio of Evidence	Responsible Senior Manager	Responsible Manager	Time frame
Persistent Roll Over applications on PTNG and other capital grants	Effective capital grants spending monitoring meetings with the MM	Annual Financial Statements	General Manager : Public Works, Roads and Transport	Senior Manager : Project Implementation Unit	Every Friday
	Finalise all appointments for grant funded projects through the implementation of the procurement plan and system	Appointment letter	General Manager : Public Works, Roads and Transport	Senior Manager : Project Implementation Unit	Tuesday, March 31, 2020
	Ensure proper project management in order for projects to be kept within the scope, time and cost	Final Bill of Quantities ; Progress reports , Site Minutes and Completion Certificate (any applicable document)	All Departments	All Senior Managers	Tuesday, June 30, 2020
	Implement cash flow plans for grant funded projects	Proof of Payment	Chief Financial Officer and General Manager : Public Works, Roads and Transport	Manager: Creditors Management	Monthly
Grants Reporting	Ensure that MIG reporting is finalised on or before the 6th every month on the MIS	MIS Signed Off report	Senior Manager: Budget and Reporting	Manager: Budget	By the 6th of every month
mSCOA chart not regularly reviewed	Review mSCOA chart for all segments and implement findings	Reviewed mSCOA chart	Senior Manager: Budget and Reporting	Manager: Budget	Tuesday, March 31, 2020
Non cost reflective tariffs for trading services	Review tariff structure for all trading and non-trading services	Reviewed tariff structure	Senior Manager: Budget and Reporting	Manager: Budget	Friday, May 29, 2020
	Conduct an activity based costing for trading services	Activity Based costing report	Senior Manager: Budget and Reporting	Manager: Budget	Wednesday, June 30, 2021

CITY OF MBOMBELA CLEAN AUDIT ROADMAP					
Problem Statement	Proposed Remedial Action	Portfolio of Evidence	Responsible Senior Manager	Responsible Manager	Time frame
Bank Reconciliation					
Bank Reconciliation not balancing	Conduct data analysis for all the banks	Progress report from service provider	Senior Manager: Budget and Reporting	Manager: Bank Reconciliation	Thursday, April 30, 2020
	Investigate all journals and transactions that were processed monthly into the cash book from the 1st of July 2016 to 30 June 2019.				
	Re-perform the monthly bank reconciliation for the from 1 July 2016 to 30 June 2019				
	Progress report to be submitted to the chief financial officer on a monthly basis				
Property Valuation and Rating					
Lack of Integrated Computerised Valuation Management System	Review and update the section business processes	Documented reviewed and updated business processes	Municipal Valuation and Rating	Municipal Valuation and Rating	Tuesday, March 31, 2020
	Review and update the terms of reference for acquisition of Computerised Valuation Management System	Documented reviewed and updated Terms of Reference			Tuesday, March 31, 2020

CITY OF MBOMBELA CLEAN AUDIT ROADMAP					
Problem Statement	Proposed Remedial Action	Portfolio of Evidence	Responsible Senior Manager	Responsible Manager	Time frame
	Procurement of the Computerised Valuation Management System	Appointment Letter/ Service Level Agreement / License Agreement	Municipal Valuation and Rating, SCM and ICT	Municipal Valuation and Rating, SCM and ICT	Tuesday, June 30, 2020
Non-balancing of properties records between Property Master File (FMS) and Consolidated Valuation Roll	Acquisition of a fresh bulk deeds download	Bulk deeds download file	Municipal Valuation and Rating	Municipal Valuation and Rating	Tuesday, June 30, 2020
	Comparison between the bulk deeds download/ Property Master File/ Consolidated Valuation Roll and map to cadaster to ensure completeness of property rates revenue	Exception reports			
		Supplementary valuation roll			
	Clear all exceptions produced from the comparison exercise	Updated Property Master File			
Accounting Services and Reporting					
Creditor's Management					
Supplier data base errors	Amend order checklist to verify whether VAT indicator is correct	Revised order checklist	Senior Manager: SCM	Manager: SCM	Friday, February 28, 2020
	If VAT indicator changed, HC150 must be changed and authorised before order is issued	Revised order checklist	Senior Manager: SCM	Manager: SCM	Friday, February 28, 2020
Incorrect treatment of Value Added Tax on	Workshops to be held with SCM and Creditors	Attendance register for workshop	Senior Manager: SCM and Accounting Services		

CITY OF MBOMBELA CLEAN AUDIT ROADMAP					
Problem Statement	Proposed Remedial Action	Portfolio of Evidence	Responsible Senior Manager	Responsible Manager	Time frame
issues of orders and capturing of payments	- On how VAT is treated on SOLAR - Identify payments to be included under orders and not to be paid via sundry payment process - Revisit processes in both sections to address issues relating to irregular expenditure, VAT, Votes etc. - Compile control matrix to verify whether processes is implemented in SCM and Creditors			Manager: SCM and Creditors Management	Friday, February 28, 2020
Integrations from Billing	Review integration and votes for billing to ensure correct allocation to general ledger and VAT treatment	Billing integration votes reports	Senior Manager: Revenue	Manager: Billing and Accounts	Friday, February 28, 2020
Coding on Financial System	Review VAT codes linked to votes	Report on reviewed VAT codes	Senior Manager : Accounting Services	Manager: Creditors Management	Friday, February 28, 2020
Completeness of input VAT	Compare all payments to VAT Input Votes and review invoices paid with no VAT claim	Reconciliation report	Senior Manager : Accounting Services	Manager: Creditors Management	Quarterly
Incorrect vote allocations when transactions are processed	Implement MSCOA classification verification tool	mSCOA classification verification tool	Senior Manager : SCM	Manager: SCM and Creditors Management	Friday, February 28, 2020
SCM - order issues	Verify vote item classification before processing transaction	Revised order checklist	Senior Manager: SCM	Manager: SCM and Creditors Management	Friday, February 28, 2020

CITY OF MBOMBELA CLEAN AUDIT ROADMAP					
Problem Statement	Proposed Remedial Action	Portfolio of Evidence	Responsible Senior Manager	Responsible Manager	Time frame
	Workshop as per 6.1.2 & 6.1.3	Attendance register for workshop	Senior Manager: SCM and Accounting Services	Manager: SCM and Creditors Management	Friday, February 28, 2020
	Block votes for certain types of transactions	Report on blocked votes for transactions	Senior Manager : Accounting Services	Manager: Creditors Management	Friday, February 28, 2020
Stores allocations	Implement MSCOA classification verification tool	mSCOA classification verification tool	Senior Manager: SCM and Accounting Services	Manager: SCM and Creditors Management	Friday, February 28, 2020
	Review allocations of all stores issues on quarterly basis	Quarterly report	Senior Manager: SCM and Accounting Services	Manager: SCM and Creditors Management	Friday, February 28, 2020
	Workshop as per 6.1.2 & 6.1.3	Attendance register for workshop	Senior Manager: SCM and Accounting Services	Manager: SCM and Creditors Management	Friday, February 28, 2020
	Block votes for certain types of transactions	Report on blocked votes for transactions	Senior Manager: SCM and Accounting Services	Manager: SCM and Creditors Management	Friday, February 28, 2020
Clerical Errors Creditors	Implement MSCOA classification verification tool	mSCOA classification verification tool	Senior Manager: SCM and Accounting Services	Manager: SCM and Creditors Management	Friday, February 28, 2020
	Workshop as per 6.1.2 & 6.1.3	Attendance register for workshop	Senior Manager: SCM and Accounting Services	Manager: SCM and Creditors Management	Friday, February 28, 2020
Year-end Payments - correct Period	Consequence management on non-adherence of year-end workplan	Report on non-adherence to year end plan.	Municipal Manager	Chief Financial Officer	Ongoing
ABSA Fuel-Tankers	Booking out of fuel on a monthly basis	Journal entry and reconciliation	Senior Manager: SCM and Accounting Services	Manager: Creditors Management	Monthly
	Quarterly basis reconciliation	Journal entry and reconciliation	Senior Manager: SCM and Accounting Services	Manager: Creditors Management	Monthly

CITY OF MBOMBELA CLEAN AUDIT ROADMAP					
Problem Statement	Proposed Remedial Action	Portfolio of Evidence	Responsible Senior Manager	Responsible Manager	Time frame
Payments					
Payments made on unscheduled basis.	Implement Friday payment date.	Bank BI online payment report.	Chief Financial Officer	Manager: Creditors Management	Weekly
Additional interest being charged by companies except Eskom	Reduce interest charged by Suppliers	Quarterly fruitless and wasteful report	Chief Financial Officer	Manager: Creditors Management	Ongoing
Payroll					
Overtime & Standby					
Excessive overtime claims	Monthly overtime report to be send to all departments	Monthly overtime report	Senior Manager: Accounting Services	Manager: Payroll	Monthly
	All GM's to approve overtime claims for payment	Signed approval forms	Senior Manager: Accounting Services	Manager: Payroll	Monthly
Incorrect capturing of overtime	Implement ESS for capturing and approval of overtime by departments	ESS visual system procured	Senior Manager: Accounting Services	Manager: Payroll	Tuesday, June 30, 2020
	Feedback & training	Attendance register and minutes for training	Senior Manager: Accounting Services	Manager: Payroll	Tuesday, March 31, 2020
	Implement cut-off times	Approved cut off register.	Senior Manager: Accounting Services	Manager: Payroll	Thursday, April 30, 2020
Leave not approved on time - lead to negative	Update and maintenance employee structure on HR & Payroll system	Report on Payday	Senior Manager: Accounting Services	Manager: Payroll	Ongoing

CITY OF MBOMBELA CLEAN AUDIT ROADMAP					
Problem Statement	Proposed Remedial Action	Portfolio of Evidence	Responsible Senior Manager	Responsible Manager	Time frame
annual leave at financial year-end	Notification system to be implemented for all leave applications	Report on Payday regarding leave management	Senior Manager: Human Resources	Manager: Payroll	Ongoing
	All leave not approved by relevant managers - HR to send monthly reports to departments and report to GM forum	Report on Payday regarding leave management	Senior Manager: Human Resources	Manager: Payroll	Ongoing
	HR to approve All leave not approved on quarterly basis	Report on Payday regarding leave management	Senior Manager: Human Resources	Manager: Payroll	Ongoing
Subsistence and Travelling allowances management	Review policy on subsistence and travelling allowances and related matters	Reviewed S& T policy	Senior Manager: Accounting Services	Manager :Payroll	Tuesday, March 31, 2020
Reporting Services					
Restatement of prior year audited figures	Evaluate sufficient appropriate audit evidence prior to processing transactions	Sufficient and appropriate Supporting documents to substantiate the processed transactions	All Senior managers responsible for processing transactions	All Managers Responsible for processing transactions	Friday, July 31, 2020
Material misstatements on Annual financial Statements	Quality review of Annual Financial Statements	External Review of Annual Financial Statements by a service provider	Senior Manager: Accounting Services	Manager: Accounting Services	Thursday, August 20, 2020
	Adherence to year-end workplan and dead-lines	Approved Annual Financial Statements year-end workplan	Senior Manager: Accounting Services	Manager: Accounting Services	Monday, August 31, 2020
	Timeous submission of accurate & complete audit files	Audit File for each Annual Financial Statement line item	All Senior managers responsible for processing transactions	All Managers Responsible for processing transactions	Wednesday, August 5, 2020
	Steering committee meetings	Minutes of meetings	Senior Manager: Accounting Services	Manager: Accounting Services	Weekly during Annual Financial Statements preparation

CITY OF MBOMBELA CLEAN AUDIT ROADMAP					
Problem Statement	Proposed Remedial Action	Portfolio of Evidence	Responsible Senior Manager	Responsible Manager	Time frame
Asset Management					
Asset Accounting					
No integrated full Asset life cycle management system	Procure full life cycle asset management system	End use license	Senior Manager: Asset Management	Manager: Assets Accounting	Tuesday, June 30, 2020
Disposal of properties happens without involvement of Asset Management resulting in poor accounting treatment.	All disposals of assets should happen only in line with the asset management policy. i.e., no disposal of the asset should be approved without going through the disposal committee. The disposal committee must be formed in line with the guidance of the MFMA and our asset management policy.	Disposal committee reports	Chief Financial Officer	Manager: Asset Accounting	Ongoing
Assets acquired through service contributions	Issue correspondence to departments responsible for assets acquired through service contributions.	Circular to departments	Senior Manager: Asset Management	Manager: Asset Accounting	Tuesday, March 31, 2020
	Review and integration of business processes relating to service contributions between the Technical departments and Asset Management	Reviewed business processes	Senior Manager: Asset Management	Manager: Asset Accounting	Monday, August 31, 2020
Lack of information from Technical departments to compile immovable asset register	Review and integration of business processes between the Technical departments and Asset Management	Reviewed business processes	Senior Manager: Asset Management	Manager: Asset Accounting	Monday, August 31, 2020
Over-reliance on the service provider for physical verification and compilation of the immovable asset register.	Development of internal capacity through appointment of technical staff within Asset Management unit	Appointment letters	Senior Manager: Asset Management and Human Resources	Manager: Asset Accounting	Monday, August 31, 2020

CITY OF MBOMBELA CLEAN AUDIT ROADMAP					
Problem Statement	Proposed Remedial Action	Portfolio of Evidence	Responsible Senior Manager	Responsible Manager	Time frame
Replacement of old infrastructure assets not properly reported.	Review and integration of business processes between the Technical departments and Asset Management	Reviewed business processes	Senior Manager: Asset Management	Manager: Asset Accounting	Monday, August 31, 2020
Fleet Management					
Inadequate coordination of fleet management with user departments.	Establishment of a Fleet Management Committee.	Appointment letters of committee members	Senior Manager: Asset Management	Manager - Fleet and SM	Tuesday, June 30, 2020
Property Valuation and Rating					
Lack of Integrated Computerised Valuation Management System	Review and update the section business processes	Documented reviewed and updated business processes	Senior Manager: Municipal Valuation and Rating	Manager: Municipal Valuation and Rating	Tuesday, March 31, 2020
	Review and update the terms of reference for acquisition of Computerised Valuation Management System	Documented reviewed and updated Terms of Reference	Senior Manager: Municipal Valuation and Rating	Manager: Municipal Valuation and Rating	Tuesday, March 31, 2020
	Procurement of the Computerised Valuation Management System	Appointment Letter/ Service Level Agreement / License Agreement	Senior Manager: Municipal Valuation and Rating , SCM and ICT	Manager: Municipal Valuation and Rating	Tuesday, June 30, 2020
Non-balancing of properties records between Property Master File (FMS) and Consolidated Valuation Roll	Acquisition of a fresh bulk deeds download	Bulk deeds download file	Senior Manager: Municipal Valuation and Rating	Manager: Municipal Valuation and Rating	Tuesday, June 30, 2020
	Comparison between the bulk deeds download/ Property Master File/ Consolidated Valuation Roll and map to cadaster to ensure completeness of property rates revenue	Exception reports ; update property master file	Senior Manager: Municipal Valuation and Rating	Manager: Municipal Valuation and Rating	Tuesday, June 30, 2020
	Clear all exceptions produced from the comparison exercise	Supplementary valuation roll	Senior Manager: Municipal Valuation and Rating	Manager: Municipal Valuation and Rating	Tuesday, June 30, 2020
Cross cutting issues					

CITY OF MBOMBELA CLEAN AUDIT ROADMAP					
Problem Statement	Proposed Remedial Action	Portfolio of Evidence	Responsible Senior Manager	Responsible Manager	Time frame
Audit of Performance Objectives (AOP0)					
Differences identified between APR and POE submitted for audit Management didn't perform proper reviews to ensure that reported actual targets are supported by valid & accurate supporting evidence and to ensure the completeness of portfolio of evidence submitted for audit purposes	Management needs to perform adequate reviews of documentation supporting reported achievements to ensure the validity, accuracy and completeness of reported targets	Source documents to support actual performance	Senior Manager: Monitoring and Evaluation All Service department General Managers & responsible Senior Managers	Manager: Monitoring and Evaluation All Service department Managers	Quarterly
Timeous Submission of Quarterly reports and Portfolio of evidence to Monitoring and Evaluation	Strict adherence to the Performance Monitoring and evaluation Yearly calendar	Quarterly Reports and Portfolio of evidence to support actual performance	All Service department General Managers & responsible Senior Managers	All Service department Managers	Quarterly
Indicators reported in the Annual Performance Report that were not included in the Service Delivery and Budget Implementation Plan	Management should thoroughly review the planning documents against the reported information on the annual performance report to confirm consistency before submitting the annual performance report for audit.	Annual Performance Report and the Service Delivery and Budget Implementation Plan	Senior Manager: Monitoring and Evaluation	Manager: Monitoring and Evaluation	Quarterly
Indicators not reported in the Annual Performance Report however were included in the Service Delivery and Budget Implementation Plan	Management should thoroughly review the planning documents against the reported information on the annual performance report to confirm consistency before submitting the annual performance report for audit.	Annual Performance Report and the Service Delivery and Budget Implementation Plan	Senior Manager: Monitoring and Evaluation	Manager: Monitoring and Evaluation	Quarterly

CITY OF MBOMBELA CLEAN AUDIT ROADMAP					
Problem Statement	Proposed Remedial Action	Portfolio of Evidence	Responsible Senior Manager	Responsible Manager	Time frame
Inconsistent wording of target indicators between Annual Performance Report and the Service Delivery and Budget Implementation Plan	Management should thoroughly review the planning documents against the reported information on the annual performance report to confirm consistency before submitting the annual performance report for audit.	Annual Performance Report and the Service Delivery and Budget Implementation Plan	Senior Manager: Monitoring and Evaluation All Service department General Managers & responsible Senior Managers	Manager: Monitoring and Evaluation All Service department Managers	Quarterly
Other matters					
Reconciliations not done timeously	Monthly reconciliations to be performed and signed off by respective Managers	Signed monthly reconciliations	All Senior Managers	All Managers	14 days after the end of each month
Poor document management and safekeeping	Documents to be filed be identified on a bi-weekly basis. Such documents be filed and a report on the filed documents be signed off by the respective Managers.	Signed off filing reports	All Senior Managers	All Managers	Bi-weekly
Municipal policies not in line with the cost curtailment regulations issued by National Treasury	Review of all affected policies to ensure compliance with the Municipal Cost Containment Regulations and other related policies.	Reviewed policies	All Departments	All Departments	Friday, February 28, 2020
	Tabling of all reviewed policies in line with Cost Containment Regulations	Council resolution	All Departments	All Departments	Tuesday, March 31, 2020
Restatement of prior year audited figures	All invoices for a reporting period be submitted in line with the approved year end work plan	Audit report without matter of emphasis	All Departments	All Departments	Tuesday, July 7, 2020
	Evaluate sufficient appropriate audit evidence prior to processing transactions on prior year adjustments	Audit file	Senior Manager: Accounting Services	Manager: Creditors Management	Monthly

CITY OF MBOMBELA CLEAN AUDIT ROADMAP					
Problem Statement	Proposed Remedial Action	Portfolio of Evidence	Responsible Senior Manager	Responsible Manager	Time frame
Policy review	Review or develop the municipal revenue management policies and By-Laws (Credit Control and Debt Collection Policy, Tariffs Policy, Property Rates Policy, Indigent Policy etc.) in line with municipal revenue management strategy	Council resolutions and approved policies	Senior Manager: Revenue	Manager: Billing and Accounts	Tuesday, March 31, 2020
Interdepartmental coordination and operations	Develop or review the standard operating procedures (SOPs) to strengthen internal controls and procedures	Approved SOPs	All Departments	All Departments	Ongoing with completion date of 30 June 2021
Community awareness	Conduct public awareness campaigns regarding the revenue management strategy and payment of municipal services	Public participation attendance registers and approved schedule of meetings	Senior Manager: Revenue	Manager: Customer Care and Cash Collections	Quarterly
	Conduct public awareness campaign on Supply Chain Management and related processes	Attendance registers	Senior Manager: SCM	Manager: SCM	Quarterly
Human Resources	Filling of critical vacant positions	Appointment letters	General Manager : Corporate Services	Chief Financial Officer	Thursday, April 30, 2020
Lack of consequences management	Convene four meetings of the Disciplinary Board to consider matters of financial misconduct.	Attendance register and minutes.	General Manager: Legal Services	Senior Manager: Legal Services	Quarterly
Related Party Transactions	Corporate Services and Speaker's Officer to distribute financial disclosure forms to all employees and Councilors. The forms must be duly signed	Signed Declaration Forms	Corporate Services and Office of the Speaker	Senior Managers of the two Departments	Tuesday, June 30, 2020
Unauthorised, Irregular and Fruitless and Wasteful Expenditure (UIF &W)	All identified expenditures to be investigated for MPAC processing	Internal Audit Reports	Chief Audit Executive	Chief Audit Executive	Quarterly
	MPAC to process Internal Audit Reports on UIF & W and table recommendations before Council	Council resolutions	MPAC	MPAC	Quarterly

7. APPENDICES DESCRIPTIONS

Appendix A: Councillors; Committee Allocation and Council Attendance

LIST OF COUNCILLORS

	NAME & SURNAME	POLITICAL PARTY	WARD/PR
1)	Anthony, G C B	DA	PR
2)	Banda, S M	ANC	07
3)	Bhembe, L M	ANC	41
4)	Bulunga, T M	ANC	26
5)	Charles, T M	ANC	PR
6)	Fakude, H B	ANC	06
7)	Fankomo, A E	ANC	01
8)	Gecelo-Mkhabela, N E	ANC	PR
9)	Grové-Morgan, T M J (Up to 25 April 2019)	DA	30
10)	Gwebu V S (From 31 January 2019)	EFF	PR
11)	Hlophe, M J	ANC	PR
12)	Jacobs, M E	DA	PR
13)	Janse van Rensburg, E G	DA	PR
14)	Khoza, J J	ANC	36
15)	Kumba, A	ANC	PR
16)	Lukhele, N L	ANC	24
17)	Mabuza, T G	ANC	PR
18)	Maganga, N M	ANC	37
19)	Makushe, S E	ANC	PR
20)	Malomane, M J	ANC	05
21)	Manave (Mkhatshwa) T P	ANC	PR

22)	Manzini, E K	ANC	33
23)	Marshall, T	DA	15
24)	Maseko, C	ANC	PR
25)	Maseko, L	EFF	PR
26)	Masha, S T	ANC	38
27)	Mashaba, J B	ANC	18
28)	Mashego, P V	ANC	PR
29)	Mashele, M S	ANC	PR
30)	Masuku, S R	ANC	28
31)	Mathonsi, S P (Executive Mayor)	ANC	PR
32)	Matola R C (From 31 May 2019)	REAOSA	PR
33)	Mazibane, J M	ANC	PR
34)	Mbewe, M (Until 31 July 2019)	EFF	PR
35)	Mbowane, P P	ANC	PR
36)	Mbuyane, S E	ANC	08
37)	Mdhluli, B N	ANC	PR
38)	Mdhluli, K	DA	PR
39)	Mgwenya, R F	ANC	34
40)	Mhawule, M E	ANC	23
41)	Mhlaba, J V	DA	PR
42)	Mhlanga, B P	DA	PR
43)	Mhlanga, M C (Calvin)	ANC	25
44)	Mhlanga, M C (Mpumelelo)	ANC	PR
45)	Minnaar, P C W	DA	PR
46)	Mkhabela, J J	ANC	44
47)	Mkhatshwa, D B	ANC	19
48)	Mkhatshwa, P V (Up to 25 April 2019)	ANC	PR

49)	Mkhonto, K M	ANC	14
50)	Mlimi, M M	ANC	PR
51)	Mlimo, V L	ANC	PR
52)	Mlombo, L T	ANC	PR
53)	Mokoena, N A	ANC	21
54)	Mokoena, S I	ANC	39
55)	Motha W W	EFF	PR
56)	Moyana, M G	DA	PR
57)	Msibi, M J (Speaker)(Up to 25 April 2019)	ANC	02
58)	Mthunywa, A S	ANC	PR
59)	Mutobvu, E M	ANC	11
60)	Ndhlovu, K G	ANC	32
61)	Ngobe, D D T	ANC	10
62)	Ngwenyama, D D	ANC	04
63)	Ngwenyama, L	ANC	PR
64)	Nkambule, G M	EFF	PR
65)	Nkhoma, B P	ANC	12
66)	Nkosi, D B	ANC	27
67)	Nkosi, D J	ANC	03
68)	Nkosi, F S	EFF	PR
69)	Nkosi, L B	ANC	45
70)	Nkosi, M C	ANC	42
71)	Nkosi S P	ANC	PR
72)	Nsimbini, M E (Chief Whip)	ANC	PR
73)	Nyalunga, P P	ANC	PR
74)	Nyalungu B A	ANC	31
75)	Nyalungu, L E	ANC	PR

76)	Nyathi, T K	ANC	29
77)	Nyundu, B A	ANC	PR
78)	Oliver, K A	DA	16
79)	Peyper, C	FF+	PR
80)	Pila, T M	ANC	22
81)	Schormann, S R	DA	PR
82)	Sebashe, E M	ANC	09
83)	Seepsop, R Q (Previously Molema)	ANC	35
84)	Shongwe, D E	ANC	PR
85)	Shongwe, H L	ANC	43
86)	Shongwe, L M (Until 31 July 2018)	EFF	PR
87)	Sibambo E N	EFF	PR
88)	Sibiya, L C	ANC	20
89)	Sibiya, W P (Up to 21 May 2019)	REAOSA	PR
90)	Siboza, L E	ANC	PR
91)	Sikonela, L M	ANC	40
92)	Siwela, G S	ANC	PR
93)	Thabethe, A	ANC	13
94)	Van der Merwe, S	DA	17

Council meetings attended by Councillors

Attendance Register – Council Meetings – July 2018 to June 2019

COUNCILLOR	10 TH SPECIAL – 31 JULY 2018	11 TH SPECIAL – 23 AUGUST 2018	12 TH SPECIAL – 31 AUGUST 2018	3 RD ORDINARY – 27 SEPTEMBER 2018	13 TH SPECIAL – 31 OCTOBER 2018	4 TH ORDINARY – 28 NOVEMBER 2018	1 ST SPECIAL – 8 JANUARY 2019	2 ND SPECIAL – 31 JANUARY 2019	3 RD SPECIAL – 28 FEBRUARY 2019	1 ST ORDINARY – 29 MARCH 2019	4 TH SPECIAL – 29 MARCH 2019	5 TH SPECIAL – 25 APRIL 2019	6 TH SPECIAL 21 MAY 2019	7 TH SPECIAL – 31 MAY 2019	2 ND ORDINARY – 27 JUNE 2019	8 TH SPECIAL – 27 JUNE 2019	ATTENDANCE PERCENTAGE
M J Msibi (Speaker up to 25 April 2019)	P	P	A	P	P	P	P	A	P	P	P	P	-	-	-	-	83%
S P Mathonsi (Executive Mayor)	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	100%
M E Nsimbini (Chief Whip)	A	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	94%
Anthony G C B	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	100%
Banda S M	P	P	P	P	P	P	P	A	P	P	P	P	P	P	P	P	94%
Bhembe L M	A	P	P	A	P	P	P	A	P	P	P	P	P	P	P	P	81%
Bulunga T M	P	A	P	A	P	P	A	P	P	P	P	P	P	P	P	P	81%
Charles T M	A	P	A	P	P	A	P	P	P	P	P	P	P	P	P	P	81%

COUNCILLOR	10 TH SPECIAL – 31 JULY 2018	11 TH SPECIAL – 23 AUGUST 2018	12 TH SPECIAL – 31 AUGUST 2018	3 RD ORDINARY – 27 SEPTEMBER 2018	13 TH SPECIAL – 31 OCTOBER 2018	4 TH ORDINARY – 28 NOVEMBER 2018	1 ST SPECIAL – 8 JANUARY 2019	2 ND SPECIAL – 31 JANUARY 2019	3 RD SPECIAL – 28 FEBRUARY 2019	1 ST ORDINARY – 29 MARCH 2019	4 TH SPECIAL – 29 MARCH 2019	5 TH SPECIAL – 25 APRIL 2019	6 TH SPECIAL 21 MAY 2019	7 TH SPECIAL – 31 MAY 2019	2 ND ORDINARY – 27 JUNE 2019	8 TH SPECIAL – 27 JUNE 2019	ATTENDANCE PERCENTAGE
Fakude H B	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	100%
Fankomo A E	P	P	P	P	P	P	P	P	A	P	P	A	P	P	P	P	88%
Gecelo-Mkhabela N E	P	A	P	P	P	P	P	P	P	P	P	A	P	P	P	P	88%
Grové-Morgan T M J	P	A	P	A	P	P	P	P	P	A	A	A	-	-	-	-	58%
Gwebu V S	-	-	-	-	-	-	-	A	P	A	A	A	P	P	A	A	33%
Hlophe M J	P	P	P	P	P	P	P	P	P	A	A	P	P	P	P	P	88%
Jacobs M E	P	P	P	P	P	P	A	P	P	P	P	A	P	P	P	P	88%
Janse van Rensburg E G	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	100%
Khoza J J	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	100%
Kumba A	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	100%

COUNCILLOR	10 TH SPECIAL – 31 JULY 2018	11 TH SPECIAL – 23 AUGUST 2018	12 TH SPECIAL – 31 AUGUST 2018	3 RD ORDINARY – 27 SEPTEMBER 2018	13 TH SPECIAL – 31 OCTOBER 2018	4 TH ORDINARY – 28 NOVEMBER 2018	1 ST SPECIAL – 8 JANUARY 2019	2 ND SPECIAL – 31 JANUARY 2019	3 RD SPECIAL – 28 FEBRUARY 2019	1 ST ORDINARY – 29 MARCH 2019	4 TH SPECIAL – 29 MARCH 2019	5 TH SPECIAL – 25 APRIL 2019	6 TH SPECIAL 21 MAY 2019	7 TH SPECIAL – 31 MAY 2019	2 ND ORDINARY – 27 JUNE 2019	8 TH SPECIAL – 27 JUNE 2019	ATTENDANCE PERCENTAGE
Lukhele N L	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	100%
Mabuza T G	P	P	P	P	P	P	P	A	P	P	P	P	P	P	P	P	94%
Maganga N M	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	100%
Makushe S E	P	P	P	P	P	P	P	P	P	A	A	P	P	A	P	P	81%
Malomane M J	P	P	P	A	P	P	P	P	P	P	P	P	P	P	P	P	94%
Manave T P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	100%
Manzini E K	P	P	P	P	P	A	P	P	P	P	P	P	P	P	P	P	94%
Marshall T	P	P	A	P	P	P	P	P	P	P	P	P	P	P	P	P	94%
Maseko C	P	P	A	P	P	P	P	P	P	P	P	P	P	P	P	P	94%
Maseko L	P	P	P	A	A	P	P	P	P	P	P	A	A	P	A	A	63%
Masha S T	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	100%
Mashaba J B	P	P	A	P	P	A	P	P	P	P	P	A	P	P	P	P	81%

COUNCILLOR	10 TH SPECIAL – 31 JULY 2018	11 TH SPECIAL – 23 AUGUST 2018	12 TH SPECIAL – 31 AUGUST 2018	3 RD ORDINARY – 27 SEPTEMBER 2018	13 TH SPECIAL – 31 OCTOBER 2018	4 TH ORDINARY – 28 NOVEMBER 2018	1 ST SPECIAL – 8 JANUARY 2019	2 ND SPECIAL – 31 JANUARY 2019	3 RD SPECIAL – 28 FEBRUARY 2019	1 ST ORDINARY – 29 MARCH 2019	4 TH SPECIAL – 29 MARCH 2019	5 TH SPECIAL – 25 APRIL 2019	6 TH SPECIAL 21 MAY 2019	7 TH SPECIAL – 31 MAY 2019	2 ND ORDINARY – 27 JUNE 2019	8 TH SPECIAL – 27 JUNE 2019	ATTENDANCE PERCENTAGE
Mashego P V	P	A	P	P	A	A	A	P	P	P	P	P	P	P	P	P	75%
Mashele M S	P	P	P	P	P	P	P	P	P	P	P	A	P	P	P	P	94%
Masuku S R	P	P	P	P	P	P	P	P	P	P	P	P	P	A	P	P	94%
Matola R C	-	-	-	-	-	-	-	-	-	-	-	-	-	P	P	P	100%
Mazibane J M	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	100%
Mbewe M	P	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	100%
Mbowane P P	P	P	A	P	P	P	P	A	A	P	P	P	P	P	P	P	81%
Mbuyane S E	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	100%
Mdhluli B N	P	A	P	P	P	P	P	P	P	P	P	P	P	P	P	P	94%
Mdhluli K	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	100%
Mgwenya R F	P	P	P	P	P	P	P	P	A	A	A	A	P	P	P	P	75%
Mhawule M E	P	P	A	P	P	P	P	P	P	P	P	P	P	P	P	P	94%

COUNCILLOR	10 TH SPECIAL – 31 JULY 2018	11 TH SPECIAL – 23 AUGUST 2018	12 TH SPECIAL – 31 AUGUST 2018	3 RD ORDINARY – 27 SEPTEMBER 2018	13 TH SPECIAL – 31 OCTOBER 2018	4 TH ORDINARY – 28 NOVEMBER 2018	1 ST SPECIAL – 8 JANUARY 2019	2 ND SPECIAL – 31 JANUARY 2019	3 RD SPECIAL – 28 FEBRUARY 2019	1 ST ORDINARY – 29 MARCH 2019	4 TH SPECIAL – 29 MARCH 2019	5 TH SPECIAL – 25 APRIL 2019	6 TH SPECIAL 21 MAY 2019	7 TH SPECIAL – 31 MAY 2019	2 ND ORDINARY – 27 JUNE 2019	8 TH SPECIAL – 27 JUNE 2019	ATTENDANCE PERCENTAGE
Mhlaba J V	P	P	P	P	P	P	P	P	P	A	A	P	P	P	P	P	88%
Mhlanga B P	P	P	P	P	A	P	P	P	P	P	P	P	P	P	P	P	94%
Mhlanga M C (Calvin)	P	P	P	P	P	P	P	P	A	P	P	P	P	P	P	P	94%
Mhlanga M C (Mpumelelo)	P	P	A	P	P	P	P	P	P	P	P	P	P	A	P	P	88%
Minnaar P C W	P	P	A	P	P	P	P	P	P	P	P	P	P	P	P	P	94%
Mkhabela J J	P	P	P	P	P	P	P	A	P	P	P	P	P	P	P	P	94%
Mkhatshwa D B	P	P	P	P	P	P	P	P	P	P	P	A	P	P	P	P	94%
Mkhatshwa P V	P	P	A	P	A	P	A	A	P	P	P	A	-	-	-	-	58%
Mkhonto K M	P	P	P	P	P	P	P	P	P	P	P	P	P	P	A	A	88%
Mlimi M M	P	A	A	P	P	P	P	P	A	P	P	A	P	P	P	P	75%

COUNCILLOR	10 TH SPECIAL – 31 JULY 2018	11 TH SPECIAL – 23 AUGUST 2018	12 TH SPECIAL – 31 AUGUST 2018	3 RD ORDINARY – 27 SEPTEMBER 2018	13 TH SPECIAL – 31 OCTOBER 2018	4 TH ORDINARY – 28 NOVEMBER 2018	1 ST SPECIAL – 8 JANUARY 2019	2 ND SPECIAL – 31 JANUARY 2019	3 RD SPECIAL – 28 FEBRUARY 2019	1 ST ORDINARY – 29 MARCH 2019	4 TH SPECIAL – 29 MARCH 2019	5 TH SPECIAL – 25 APRIL 2019	6 TH SPECIAL 21 MAY 2019	7 TH SPECIAL – 31 MAY 2019	2 ND ORDINARY – 27 JUNE 2019	8 TH SPECIAL – 27 JUNE 2019	ATTENDANCE PERCENTAGE
Mlimo V L	A	P	P	A	P	A	P	P	P	P	P	A	A	P	P	P	69%
Mlombo L T	A	P	P	P	P	P	A	P	P	P	P	P	A	A	P	P	75%
Mokoena N A	P	P	P	P	P	P	P	P	A	P	P	P	P	P	P	P	94%
Mokoena S I	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	100%
Motha W W	-	-	-	-	-	-	-	P	P	P	P	A	P	P	A	A	67%
Moyana M G	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	100%
Mthunywa A S	P	P	A	P	P	P	P	P	P	P	P	P	P	P	P	P	94%
Mutobvu E M	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	100%
Ndhlovu K G	P	P	P	P	P	P	P	P	A	A	A	P	P	P	P	P	81%
Ngobe D D T	P	P	P	P	P	P	A	P	P	A	A	P	P	P	P	P	81%
Ngwenyama D D	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	100%
Ngwenyama L	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	100%

COUNCILLOR	10 TH SPECIAL – 31 JULY 2018	11 TH SPECIAL – 23 AUGUST 2018	12 TH SPECIAL – 31 AUGUST 2018	3 RD ORDINARY – 27 SEPTEMBER 2018	13 TH SPECIAL – 31 OCTOBER 2018	4 TH ORDINARY – 28 NOVEMBER 2018	1 ST SPECIAL – 8 JANUARY 2019	2 ND SPECIAL – 31 JANUARY 2019	3 RD SPECIAL – 28 FEBRUARY 2019	1 ST ORDINARY – 29 MARCH 2019	4 TH SPECIAL – 29 MARCH 2019	5 TH SPECIAL – 25 APRIL 2019	6 TH SPECIAL 21 MAY 2019	7 TH SPECIAL – 31 MAY 2019	2 ND ORDINARY – 27 JUNE 2019	8 TH SPECIAL – 27 JUNE 2019	ATTENDANCE PERCENTAGE
Nkambule G M	P	A	P	A	P	A	A	P	P	A	A	A	A	A	A	A	31%
Nkhoma B P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	100%
Nkosi D B	P	P	P	P	P	P	AWOL	P	P	P	P	P	P	P	P	P	94%
Nkosi D J	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	100%
Nkosi F S	P	P	P	A	P	P	P	A	P	P	P	A	P	P	A	A	69%
Nkosi L B	P	A	A	P	P	P	P	A	P	P	P	A	P	A	P	P	69%
Nkosi M C	P	P	A	P	A	P	P	A	P	P	P	A	P	A	P	P	69%
Nkosi S P	-	-	-	-	-	-	-	-	-	-	-	-	-	P	P	P	100%
Nyalunga P P	P	P	P	A	P	P	P	P	P	A	A	P	A	A	P	P	69%
Nyalungu B A	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	100%
Nyalungu L E	P	P	A	P	P	P	P	P	P	P	P	P	P	P	P	P	94%

COUNCILLOR	10 TH SPECIAL – 31 JULY 2018	11 TH SPECIAL – 23 AUGUST 2018	12 TH SPECIAL – 31 AUGUST 2018	3 RD ORDINARY – 27 SEPTEMBER 2018	13 TH SPECIAL – 31 OCTOBER 2018	4 TH ORDINARY – 28 NOVEMBER 2018	1 ST SPECIAL – 8 JANUARY 2019	2 ND SPECIAL – 31 JANUARY 2019	3 RD SPECIAL – 28 FEBRUARY 2019	1 ST ORDINARY – 29 MARCH 2019	4 TH SPECIAL – 29 MARCH 2019	5 TH SPECIAL – 25 APRIL 2019	6 TH SPECIAL 21 MAY 2019	7 TH SPECIAL – 31 MAY 2019	2 ND ORDINARY – 27 JUNE 2019	8 TH SPECIAL – 27 JUNE 2019	ATTENDANCE PERCENTAGE
Nyathi T K	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	100%
Nyundu B A	A	A	A	A	A	P	P	P	P	P	P	P	P	P	P	P	69%
Oliver K A	A	A	P	A	A	A	P	P	A	P	P	P	P	P	P	P	63%
Peyper C	P	A	P	P	P	P	P	P	P	P	P	P	P	P	P	P	94%
Pila T M	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	100%
Schormann S R	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	100%
Sebashe E M	P	P	P	P	A	P	P	P	P	P	P	A	P	P	P	P	88%
Seepsop R Q	P	P	P	P	P	P	P	P	P	P	P	P	P	A	P	P	94%
Shongwe D E	P	P	P	P	P	A	P	P	P	P	P	P	P	A	P	P	88%
Shongwe H L	A	A	P	P	P	P	P	A	A	A	A	P	P	A	P	P	56%
Shongwe L M	A	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0%
Sibambo E N	P	P	P	A	A	P	P	P	P	P	P	A	P	P	A	A	69%

COUNCILLOR	10 TH SPECIAL – 31 JULY 2018	11 TH SPECIAL – 23 AUGUST 2018	12 TH SPECIAL – 31 AUGUST 2018	3 RD ORDINARY – 27 SEPTEMBER 2018	13 TH SPECIAL – 31 OCTOBER 2018	4 TH ORDINARY – 28 NOVEMBER 2018	1 ST SPECIAL – 8 JANUARY 2019	2 ND SPECIAL – 31 JANUARY 2019	3 RD SPECIAL – 28 FEBRUARY 2019	1 ST ORDINARY – 29 MARCH 2019	4 TH SPECIAL – 29 MARCH 2019	5 TH SPECIAL – 25 APRIL 2019	6 TH SPECIAL 21 MAY 2019	7 TH SPECIAL – 31 MAY 2019	2 ND ORDINARY – 27 JUNE 2019	8 TH SPECIAL – 27 JUNE 2019	ATTENDANCE PERCENTAGE
Sibiya L C	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	100%
Sibiya W P	P	P	P	P	P	P	P	P	P	A	A	A	P	-	-	-	77%
Siboza L E	P	P	A	P	P	P	P	P	A	A	A	P	P	P	P	P	75%
Sikonela L M	P	P	P	P	P	A	P	P	P	P	P	P	P	A	P	P	88%
Siwela G S	P	P	A	P	P	P	P	P	P	P	P	A	P	P	P	P	88%
Thabethe A	A	P	A	P	P	P	P	P	P	P	P	A	A	A	A	A	56%
Van der Merwe S	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	100%

(P = Present)

(A = Apology)

(AWOL = Absent without leave)

(- = Not yet or not anymore a Councillor)

COUNCILLOR	11 TH SPECIAL – 27 JULY 2017	3 RD ORDINARY – 24 AUGUST 2017	12 TH SPECIAL – 24 AUGUST 2017	13 TH SPECIAL – 6 SEPTEMBER 2017	14 TH SPECIAL – 29 SEPTEMBER 2017	15 TH SPECIAL – 31 OCTOBER 2017	16 TH SPECIAL – 30 NOVEMBER 2017	4 TH ORDINARY – 30 NOVEMBER 2017	1 ST SPECIAL – 16 JANUARY 2018	2 ND SPECIAL – 30 JANUARY 2018	3 RD SPECIAL – 28 FEBRUARY 2018	1 ST ORDINARY – 27 MARCH 2018	4 TH SPECIAL – 27 MARCH 2018	5 TH SPECIAL – 29 MARCH 2018	6 TH SPECIAL – 26 APRIL 2018	7 TH SPECIAL – 30 APRIL 2018	8 TH SPECIAL – 31 MAY 2018	2 ND – ORDINARY 28 JUNE 2018	9 TH SPECIAL – 28 JUNE 2018	ATTENDANCE PERCENTAGE
M J Msibi (Speaker)	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	A	A	89%
S P Mathonsi (Executive Mayor)	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	100%
M E Nsimbini (Chief Whip)	A	P	P	P	P	P	P	P	P	P	P	P	P	P	A	A	P	P	P	84%
Anthony G C B	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	100%

COUNCILLOR	11 TH SPECIAL – 27 JULY 2017	3 RD ORDINARY – 24 AUGUST 2017	12 TH SPECIAL – 24 AUGUST 2017	13 TH SPECIAL – 6 SEPTEMBER 2017	14 TH SPECIAL – 29 SEPTEMBER 2017	15 TH SPECIAL – 31 OCTOBER 2017	16 TH SPECIAL – 30 NOVEMBER 2017	4 TH ORDINARY – 30 NOVEMBER 2017	1 ST SPECIAL – 16 JANUARY 2018	2 ND SPECIAL – 30 JANUARY 2018	3 RD SPECIAL – 28 FEBRUARY 2018	1 ST ORDINARY – 27 MARCH 2018	4 TH SPECIAL – 27 MARCH 2018	5 TH SPECIAL – 29 MARCH 2018	6 TH SPECIAL – 26 APRIL 2018	7 TH SPECIAL – 30 APRIL 2018	8 TH SPECIAL – 31 MAY 2018	2 ND – ORDINARY 28 JUNE 2018	9 TH SPECIAL – 28 JUNE 2018	ATTENDANCE PERCENTAGE
Banda S M	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	100%
Bhembe L M	P	P	P	P	A	A	P	P	P	A	P	P	P	P	P	P	AW OL	P	P	79%
Bulunga T M	AW OL	P	P	A	P	P	P	P	P	P	A	P	P	A	P	P	P	A	A	68%
Celliers H P	P	P	P	P	P	A	P	P	A	A	-	-	-	-	-	-	-	-	-	70%
Charles T M	A	P	P	P	P	P	A	A	P	A	P	P	P	A	P	A	P	P	P	68%
Fakude H B	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	100%

COUNCILLOR	11 TH SPECIAL – 27 JULY 2017	3 RD ORDINARY – 24 AUGUST 2017	12 TH SPECIAL – 24 AUGUST 2017	13 TH SPECIAL – 6 SEPTEMBER 2017	14 TH SPECIAL – 29 SEPTEMBER 2017	15 TH SPECIAL – 31 OCTOBER 2017	16 TH SPECIAL – 30 NOVEMBER 2017	4 TH ORDINARY – 30 NOVEMBER 2017	1 ST SPECIAL – 16 JANUARY 2018	2 ND SPECIAL – 30 JANUARY 2018	3 RD SPECIAL – 28 FEBRUARY 2018	1 ST ORDINARY – 27 MARCH 2018	4 TH SPECIAL – 27 MARCH 2018	5 TH SPECIAL – 29 MARCH 2018	6 TH SPECIAL – 26 APRIL 2018	7 TH SPECIAL – 30 APRIL 2018	8 TH SPECIAL – 31 MAY 2018	2 ND – ORDINARY 28 JUNE 2018	9 TH SPECIAL – 28 JUNE 2018	ATTENDANCE PERCENTAGE
Fankomo A E	P	P	P	P	P	P	A	A	P	P	P	A	A	A	P	A	P	P	P	68%
Gecelo-Mkhabela N E	A	A	A	P	P	P	P	P	P	P	P	P	P	P	A	P	A	P	P	74%
Grové-Morgan T M J	A	A	A	A	P	P	P	P	P	P	A	P	P	P	P	P	P	P	P	74%
Hlophe M J	P	P	P	P	P	P	P	P	P	P	P	P	P	P	A	A	P	P	P	89%
Jacobs M E	P	P	P	A	A	A	P	P	P	P	P	P	P	P	P	A	P	P	P	79%

COUNCILLOR	11 TH SPECIAL – 27 JULY 2017	3 RD ORDINARY – 24 AUGUST 2017	12 TH SPECIAL – 24 AUGUST 2017	13 TH SPECIAL – 6 SEPTEMBER 2017	14 TH SPECIAL – 29 SEPTEMBER 2017	15 TH SPECIAL – 31 OCTOBER 2017	16 TH SPECIAL – 30 NOVEMBER 2017	4 TH ORDINARY – 30 NOVEMBER 2017	1 ST SPECIAL – 16 JANUARY 2018	2 ND SPECIAL – 30 JANUARY 2018	3 RD SPECIAL – 28 FEBRUARY 2018	1 ST ORDINARY – 27 MARCH 2018	4 TH SPECIAL – 27 MARCH 2018	5 TH SPECIAL – 29 MARCH 2018	6 TH SPECIAL – 26 APRIL 2018	7 TH SPECIAL – 30 APRIL 2018	8 TH SPECIAL – 31 MAY 2018	2 ND – ORDINARY 28 JUNE 2018	9 TH SPECIAL – 28 JUNE 2018	ATTENDANCE PERCENTAGE
Janse van Rensburg E G	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	100%
Khoza J J	P	P	P	P	P	P	P	P	P	P	P	P	P	P	A	P	P	P	P	95%
Kumba A	A	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	95%
Lukhele N L	P	P	P	A	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	95%
Mabuza T G	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	100%

COUNCILLOR	11 TH SPECIAL – 27 JULY 2017	3 RD ORDINARY – 24 AUGUST 2017	12 TH SPECIAL – 24 AUGUST 2017	13 TH SPECIAL – 6 SEPTEMBER 2017	14 TH SPECIAL – 29 SEPTEMBER 2017	15 TH SPECIAL – 31 OCTOBER 2017	16 TH SPECIAL – 30 NOVEMBER 2017	4 TH ORDINARY – 30 NOVEMBER 2017	1 ST SPECIAL – 16 JANUARY 2018	2 ND SPECIAL – 30 JANUARY 2018	3 RD SPECIAL – 28 FEBRUARY 2018	1 ST ORDINARY – 27 MARCH 2018	4 TH SPECIAL – 27 MARCH 2018	5 TH SPECIAL – 29 MARCH 2018	6 TH SPECIAL – 26 APRIL 2018	7 TH SPECIAL – 30 APRIL 2018	8 TH SPECIAL – 31 MAY 2018	2 ND – ORDINARY 28 JUNE 2018	9 TH SPECIAL – 28 JUNE 2018	ATTENDANCE PERCENTAGE
Maganga N M	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	100%
Makushe S E	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	100%
Malomane M J	A	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	95%
Manave T P	P	A	A	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	89%
Manzini E K	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	100%

COUNCILLOR	11 TH SPECIAL – 27 JULY 2017	3 RD ORDINARY – 24 AUGUST 2017	12 TH SPECIAL – 24 AUGUST 2017	13 TH SPECIAL – 6 SEPTEMBER 2017	14 TH SPECIAL – 29 SEPTEMBER 2017	15 TH SPECIAL – 31 OCTOBER 2017	16 TH SPECIAL – 30 NOVEMBER 2017	4 TH ORDINARY – 30 NOVEMBER 2017	1 ST SPECIAL – 16 JANUARY 2018	2 ND SPECIAL – 30 JANUARY 2018	3 RD SPECIAL – 28 FEBRUARY 2018	1 ST ORDINARY – 27 MARCH 2018	4 TH SPECIAL – 27 MARCH 2018	5 TH SPECIAL – 29 MARCH 2018	6 TH SPECIAL – 26 APRIL 2018	7 TH SPECIAL – 30 APRIL 2018	8 TH SPECIAL – 31 MAY 2018	2 ND – ORDINARY 28 JUNE 2018	9 TH SPECIAL – 28 JUNE 2018	ATTENDANCE PERCENTAGE
Marshall T	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	100%
Maseko C	P	P	P	P	P	P	P	P	P	A	P	P	P	P	P	P	P	P	P	95%
Maseko L	A	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	95%
Masha S T	A	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	95%
Mashaba J B	P	P	P	A	P	P	P	P	P	P	P	P	P	A	P	P	P	P	P	89%
Mashego P V	P	A	A	P	P	P	P	P	P	P	A	P	P	P	P	P	P	P	P	84%

COUNCILLOR	11 TH SPECIAL – 27 JULY 2017	3 RD ORDINARY – 24 AUGUST 2017	12 TH SPECIAL – 24 AUGUST 2017	13 TH SPECIAL – 6 SEPTEMBER 2017	14 TH SPECIAL – 29 SEPTEMBER 2017	15 TH SPECIAL – 31 OCTOBER 2017	16 TH SPECIAL – 30 NOVEMBER 2017	4 TH ORDINARY – 30 NOVEMBER 2017	1 ST SPECIAL – 16 JANUARY 2018	2 ND SPECIAL – 30 JANUARY 2018	3 RD SPECIAL – 28 FEBRUARY 2018	1 ST ORDINARY – 27 MARCH 2018	4 TH SPECIAL – 27 MARCH 2018	5 TH SPECIAL – 29 MARCH 2018	6 TH SPECIAL – 26 APRIL 2018	7 TH SPECIAL – 30 APRIL 2018	8 TH SPECIAL – 31 MAY 2018	2 ND – ORDINARY 28 JUNE 2018	9 TH SPECIAL – 28 JUNE 2018	ATTENDANCE PERCENTAGE
Mashele M S	P	P	P	P	P	P	A	A	P	P	P	P	P	A	P	P	P	P	P	84%
Masuku S R	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	100%
Mazibane J M	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	100%
Mbewe M	A	P	P	P	P	P	P	P	P	P	P	P	P	A	P	P	A	P	P	84%
Mbowane P P	P	P	P	P	A	P	P	P	A	P	P	P	P	P	P	P	A	P	P	84%

COUNCILLOR	11 TH SPECIAL – 27 JULY 2017	3 RD ORDINARY – 24 AUGUST 2017	12 TH SPECIAL – 24 AUGUST 2017	13 TH SPECIAL – 6 SEPTEMBER 2017	14 TH SPECIAL – 29 SEPTEMBER 2017	15 TH SPECIAL – 31 OCTOBER 2017	16 TH SPECIAL – 30 NOVEMBER 2017	4 TH ORDINARY – 30 NOVEMBER 2017	1 ST SPECIAL – 16 JANUARY 2018	2 ND SPECIAL – 30 JANUARY 2018	3 RD SPECIAL – 28 FEBRUARY 2018	1 ST ORDINARY – 27 MARCH 2018	4 TH SPECIAL – 27 MARCH 2018	5 TH SPECIAL – 29 MARCH 2018	6 TH SPECIAL – 26 APRIL 2018	7 TH SPECIAL – 30 APRIL 2018	8 TH SPECIAL – 31 MAY 2018	2 ND – ORDINARY 28 JUNE 2018	9 TH SPECIAL – 28 JUNE 2018	ATTENDANCE PERCENTAGE
Mbuyane S E	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	100%
Mdhluli B N	P	P	P	P	A	P	P	P	P	P	p	P	P	P	A	P	P	P	P	89%
Mdhluli K	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	100%
Mgwenya R F	P	P	P	P	P	P	A	A	P	P	P	A	A	A	P	P	P	P	P	74%
Mhawule M E	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	100%

COUNCILLOR	11 TH SPECIAL – 27 JULY 2017	3 RD ORDINARY – 24 AUGUST 2017	12 TH SPECIAL – 24 AUGUST 2017	13 TH SPECIAL – 6 SEPTEMBER 2017	14 TH SPECIAL – 29 SEPTEMBER 2017	15 TH SPECIAL – 31 OCTOBER 2017	16 TH SPECIAL – 30 NOVEMBER 2017	4 TH ORDINARY – 30 NOVEMBER 2017	1 ST SPECIAL – 16 JANUARY 2018	2 ND SPECIAL – 30 JANUARY 2018	3 RD SPECIAL – 28 FEBRUARY 2018	1 ST ORDINARY – 27 MARCH 2018	4 TH SPECIAL – 27 MARCH 2018	5 TH SPECIAL – 29 MARCH 2018	6 TH SPECIAL – 26 APRIL 2018	7 TH SPECIAL – 30 APRIL 2018	8 TH SPECIAL – 31 MAY 2018	2 ND – ORDINARY 28 JUNE 2018	9 TH SPECIAL – 28 JUNE 2018	ATTENDANCE PERCENTAGE
Mhlaba J V	P	P	P	P	P	P	P	P	P	P	P	A	A	P	P	P	P	P	P	89%
Mhlanga B P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	100%
Mhlanga M C (Calvin)	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	100%
Mhlanga M C (Mpumelelo)	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	100%

COUNCILLOR	11 TH SPECIAL – 27 JULY 2017	3 RD ORDINARY – 24 AUGUST 2017	12 TH SPECIAL – 24 AUGUST 2017	13 TH SPECIAL – 6 SEPTEMBER 2017	14 TH SPECIAL – 29 SEPTEMBER 2017	15 TH SPECIAL – 31 OCTOBER 2017	16 TH SPECIAL – 30 NOVEMBER 2017	4 TH ORDINARY – 30 NOVEMBER 2017	1 ST SPECIAL – 16 JANUARY 2018	2 ND SPECIAL – 30 JANUARY 2018	3 RD SPECIAL – 28 FEBRUARY 2018	1 ST ORDINARY – 27 MARCH 2018	4 TH SPECIAL – 27 MARCH 2018	5 TH SPECIAL – 29 MARCH 2018	6 TH SPECIAL – 26 APRIL 2018	7 TH SPECIAL – 30 APRIL 2018	8 TH SPECIAL – 31 MAY 2018	2 ND – ORDINARY 28 JUNE 2018	9 TH SPECIAL – 28 JUNE 2018	ATTENDANCE PERCENTAGE
Minnaar P C W	P	P	P	A	P	P	P	P	P	P	P	P	P	P	P	A	P	P	P	89%
Mkhabela J J	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	A	P	P	P	95%
Mkhatshw a D B	P	A	A	P	A	P	P	P	P	P	P	P	P	P	P	AWO L	P	P	P	79%
Mkhatshw a P V	P	P	P	P	P	P	P	P	P	P	P	P	P	P	A	A	P	P	P	89%
Mkhonto K M	P	P	P	P	A	P	P	P	P	P	P	P	P	P	P	P	P	P	P	95%

COUNCILLOR	11 TH SPECIAL – 27 JULY 2017	3 RD ORDINARY – 24 AUGUST 2017	12 TH SPECIAL – 24 AUGUST 2017	13 TH SPECIAL – 6 SEPTEMBER 2017	14 TH SPECIAL – 29 SEPTEMBER 2017	15 TH SPECIAL – 31 OCTOBER 2017	16 TH SPECIAL – 30 NOVEMBER 2017	4 TH ORDINARY – 30 NOVEMBER 2017	1 ST SPECIAL – 16 JANUARY 2018	2 ND SPECIAL – 30 JANUARY 2018	3 RD SPECIAL – 28 FEBRUARY 2018	1 ST ORDINARY – 27 MARCH 2018	4 TH SPECIAL – 27 MARCH 2018	5 TH SPECIAL – 29 MARCH 2018	6 TH SPECIAL – 26 APRIL 2018	7 TH SPECIAL – 30 APRIL 2018	8 TH SPECIAL – 31 MAY 2018	2 ND – ORDINARY 28 JUNE 2018	9 TH SPECIAL – 28 JUNE 2018	ATTENDANCE PERCENTAGE
Mlimi M M	P	P	P	P	P	P	P	P	P	P	P	A	A	P	P	P	P	A	A	79%
Mlimo V L	P	P	P	P	P	P	P	P	A	P	P	A	A	A	P	P	A	P	P	74%
Mlombo L T	P	P	P	A	P	P	P	P	P	P	A	P	P	P	A	A	P	P	P	79%
Mokoena N A	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	AWO L	P	P	P	95%
Mokoena S I	A	P	P	P	P	P	P	P	P	P	A	A	A	A	P	P	P	P	P	74%

COUNCILLOR	11 TH SPECIAL – 27 JULY 2017	3 RD ORDINARY – 24 AUGUST 2017	12 TH SPECIAL – 24 AUGUST 2017	13 TH SPECIAL – 6 SEPTEMBER 2017	14 TH SPECIAL – 29 SEPTEMBER 2017	15 TH SPECIAL – 31 OCTOBER 2017	16 TH SPECIAL – 30 NOVEMBER 2017	4 TH ORDINARY – 30 NOVEMBER 2017	1 ST SPECIAL – 16 JANUARY 2018	2 ND SPECIAL – 30 JANUARY 2018	3 RD SPECIAL – 28 FEBRUARY 2018	1 ST ORDINARY – 27 MARCH 2018	4 TH SPECIAL – 27 MARCH 2018	5 TH SPECIAL – 29 MARCH 2018	6 TH SPECIAL – 26 APRIL 2018	7 TH SPECIAL – 30 APRIL 2018	8 TH SPECIAL – 31 MAY 2018	2 ND – ORDINARY 28 JUNE 2018	9 TH SPECIAL – 28 JUNE 2018	ATTENDANCE PERCENTAGE
Moyana M G	P	P	P	P	P	P	P	P	P	P	P	P	P	P	A	A	P	P	P	89%
Mthunywa A S	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	100%
Mutobvu E M	P	P	P	A	A	P	P	P	P	P	P	P	P	P	P	P	P	P	P	89%
Ndhlovu K G	P	P	P	P	A	P	P	P	P	P	P	P	P	P	P	P	P	P	P	95%
Ngoebe D D T	P	P	P	A	P	A	P	P	P	P	P	P	P	P	P	P	P	P	P	89%

COUNCILLOR	11 TH SPECIAL – 27 JULY 2017	3 RD ORDINARY – 24 AUGUST 2017	12 TH SPECIAL – 24 AUGUST 2017	13 TH SPECIAL – 6 SEPTEMBER 2017	14 TH SPECIAL – 29 SEPTEMBER 2017	15 TH SPECIAL – 31 OCTOBER 2017	16 TH SPECIAL – 30 NOVEMBER 2017	4 TH ORDINARY – 30 NOVEMBER 2017	1 ST SPECIAL – 16 JANUARY 2018	2 ND SPECIAL – 30 JANUARY 2018	3 RD SPECIAL – 28 FEBRUARY 2018	1 ST ORDINARY – 27 MARCH 2018	4 TH SPECIAL – 27 MARCH 2018	5 TH SPECIAL – 29 MARCH 2018	6 TH SPECIAL – 26 APRIL 2018	7 TH SPECIAL – 30 APRIL 2018	8 TH SPECIAL – 31 MAY 2018	2 ND – ORDINARY 28 JUNE 2018	9 TH SPECIAL – 28 JUNE 2018	ATTENDANCE PERCENTAGE
Ngwenyam a D D	P	P	P	A	P	P	P	P	P	P	P	P	P	P	A	P	P	P	P	89%
Ngwenyam a L	P	P	P	P	A	P	P	P	A	P	P	P	P	P	P	P	P	P	P	89%
Nkambule G M	A	P	P	P	A	P	P	P	A	P	P	P	P	A	A	P	P	P	P	74%
Nkhoma B P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	100%
Nkosi D B	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	100%

COUNCILLOR	11 TH SPECIAL – 27 JULY 2017	3 RD ORDINARY – 24 AUGUST 2017	12 TH SPECIAL – 24 AUGUST 2017	13 TH SPECIAL – 6 SEPTEMBER 2017	14 TH SPECIAL – 29 SEPTEMBER 2017	15 TH SPECIAL – 31 OCTOBER 2017	16 TH SPECIAL – 30 NOVEMBER 2017	4 TH ORDINARY – 30 NOVEMBER 2017	1 ST SPECIAL – 16 JANUARY 2018	2 ND SPECIAL – 30 JANUARY 2018	3 RD SPECIAL – 28 FEBRUARY 2018	1 ST ORDINARY – 27 MARCH 2018	4 TH SPECIAL – 27 MARCH 2018	5 TH SPECIAL – 29 MARCH 2018	6 TH SPECIAL – 26 APRIL 2018	7 TH SPECIAL – 30 APRIL 2018	8 TH SPECIAL – 31 MAY 2018	2 ND – ORDINARY 28 JUNE 2018	9 TH SPECIAL – 28 JUNE 2018	ATTENDANCE PERCENTAGE
Nkosi D J	P	P	P	A	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	95%
Nkosi F S	P	P	P	P	A	P	P	P	P	A	A	P	P	A	P	A	P	P	P	74%
Nkosi L B	P	P	P	P	P	P	P	P	A	A	P	P	P	A	A	A	A	P	P	68%
Nkosi M C	P	P	P	P	P	P	P	P	P	A	P	P	P	P	A	A	P	P	P	84%
Nyalunga P P	P	A	A	P	A	A	P	P	P	A	P	P	P	P	A	P	A	P	P	63%
Nyalungu B A	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	100%

COUNCILLOR	11 TH SPECIAL – 27 JULY 2017	3 RD ORDINARY – 24 AUGUST 2017	12 TH SPECIAL – 24 AUGUST 2017	13 TH SPECIAL – 6 SEPTEMBER 2017	14 TH SPECIAL – 29 SEPTEMBER 2017	15 TH SPECIAL – 31 OCTOBER 2017	16 TH SPECIAL – 30 NOVEMBER 2017	4 TH ORDINARY – 30 NOVEMBER 2017	1 ST SPECIAL – 16 JANUARY 2018	2 ND SPECIAL – 30 JANUARY 2018	3 RD SPECIAL – 28 FEBRUARY 2018	1 ST ORDINARY – 27 MARCH 2018	4 TH SPECIAL – 27 MARCH 2018	5 TH SPECIAL – 29 MARCH 2018	6 TH SPECIAL – 26 APRIL 2018	7 TH SPECIAL – 30 APRIL 2018	8 TH SPECIAL – 31 MAY 2018	2 ND – ORDINARY 28 JUNE 2018	9 TH SPECIAL – 28 JUNE 2018	ATTENDANCE PERCENTAGE
Nyalungu L E	P	P	P	P	A	A	P	P	P	P	A	P	P	P	P	A	P	P	P	79%
Nyathi T K	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	100%
Nyundu B A	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	A	P	P	95%
Oliver K A	P	P	P	P	P	P	P	P	A	P	P	P	P	P	P	P	P	P	P	95%
Peyper C	-	-	-	-	-	-	-	-	-	-	P	P	P	P	P	P	P	P	P	100%
Pila T M	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	100%

COUNCILLOR	11 TH SPECIAL – 27 JULY 2017	3 RD ORDINARY – 24 AUGUST 2017	12 TH SPECIAL – 24 AUGUST 2017	13 TH SPECIAL – 6 SEPTEMBER 2017	14 TH SPECIAL – 29 SEPTEMBER 2017	15 TH SPECIAL – 31 OCTOBER 2017	16 TH SPECIAL – 30 NOVEMBER 2017	4 TH ORDINARY – 30 NOVEMBER 2017	1 ST SPECIAL – 16 JANUARY 2018	2 ND SPECIAL – 30 JANUARY 2018	3 RD SPECIAL – 28 FEBRUARY 2018	1 ST ORDINARY – 27 MARCH 2018	4 TH SPECIAL – 27 MARCH 2018	5 TH SPECIAL – 29 MARCH 2018	6 TH SPECIAL – 26 APRIL 2018	7 TH SPECIAL – 30 APRIL 2018	8 TH SPECIAL – 31 MAY 2018	2 ND – ORDINARY 28 JUNE 2018	9 TH SPECIAL – 28 JUNE 2018	ATTENDANCE PERCENTAGE
Schormann S R	P	P	P	P	P	P	P	P	A	P	P	P	P	P	P	P	A	P	P	89%
Sebashe E M	A	P	P	P	P	P	P	P	P	P	P	P	P	P	A	P	P	P	P	89%
Seepsop R Q	P	P	P	P	P	P	A	P	P	P	P	P	P	P	P	P	A	P	P	89%
Shongwe D E	P	P	P	A	A	P	P	P	P	P	A	P	P	P	P	P	P	P	P	84%
Shongwe H L	P	A	A	P	A	P	A	A	P	A	A	P	P	P	P	P	A	P	P	58%

COUNCILLOR	11 TH SPECIAL – 27 JULY 2017	3 RD ORDINARY – 24 AUGUST 2017	12 TH SPECIAL – 24 AUGUST 2017	13 TH SPECIAL – 6 SEPTEMBER 2017	14 TH SPECIAL – 29 SEPTEMBER 2017	15 TH SPECIAL – 31 OCTOBER 2017	16 TH SPECIAL – 30 NOVEMBER 2017	4 TH ORDINARY – 30 NOVEMBER 2017	1 ST SPECIAL – 16 JANUARY 2018	2 ND SPECIAL – 30 JANUARY 2018	3 RD SPECIAL – 28 FEBRUARY 2018	1 ST ORDINARY – 27 MARCH 2018	4 TH SPECIAL – 27 MARCH 2018	5 TH SPECIAL – 29 MARCH 2018	6 TH SPECIAL – 26 APRIL 2018	7 TH SPECIAL – 30 APRIL 2018	8 TH SPECIAL – 31 MAY 2018	2 ND – ORDINARY 28 JUNE 2018	9 TH SPECIAL – 28 JUNE 2018	ATTENDANCE PERCENTAGE
Shongwe L M	P	P	P	P	A	P	A	A	A	A	A	A	A	AWO L	P	A	A	P	P	42%
Sibambo E N	A	P	P	P	P	P	P	P	P	A	P	P	P	P	P	P	P	A	A	79%
Sibiya L C	P	P	P	A	P	P	P	P	P	P	P	P	P	P	P	AWO L	P	P	P	89%
Sibiya W P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	100%
Siboza L E	P	P	P	A	P	A	P	P	P	A	P	P	P	P	P	P	P	P	P	84%

COUNCILLOR	11 TH SPECIAL – 27 JULY 2017	3 RD ORDINARY – 24 AUGUST 2017	12 TH SPECIAL – 24 AUGUST 2017	13 TH SPECIAL – 6 SEPTEMBER 2017	14 TH SPECIAL – 29 SEPTEMBER 2017	15 TH SPECIAL – 31 OCTOBER 2017	16 TH SPECIAL – 30 NOVEMBER 2017	4 TH ORDINARY – 30 NOVEMBER 2017	1 ST SPECIAL – 16 JANUARY 2018	2 ND SPECIAL – 30 JANUARY 2018	3 RD SPECIAL – 28 FEBRUARY 2018	1 ST ORDINARY – 27 MARCH 2018	4 TH SPECIAL – 27 MARCH 2018	5 TH SPECIAL – 29 MARCH 2018	6 TH SPECIAL – 26 APRIL 2018	7 TH SPECIAL – 30 APRIL 2018	8 TH SPECIAL – 31 MAY 2018	2 ND – ORDINARY 28 JUNE 2018	9 TH SPECIAL – 28 JUNE 2018	ATTENDANCE PERCENTAGE
Sikonela L M	P	P	P	P	P	P	P	P	P	P	A	P	P	P	P	P	P	P	P	95%
Siwela G S	A	A	A	P	P	A	P	P	P	P	A	A	A	P	P	P	P	P	P	63%
Thabethe A	A	P	P	P	P	P	P	P	P	P	P	P	P	P	P	AWOL	P	P	P	89%
Van der Merwe S	P	P	P	P	A	P	P	P	A	P	P	P	P	P	P	P	P	P	P	89%

(P = Present)

(A = Apology)

(AWOL = Absent without leave)

(- = Not yet or not anymore a Councillor)

Appendix B: Committee and Committee Purpose

- 1) Traffic Services
- 2) Licensing Services
- 3) Security Services (Internal)
- 4) Disaster Management (Agency service)
- 5) Public Facility and Personnel (Security)
- 6) Parks
- 7) Waste
- 8) Environmental Management

Responsibilities

This Committee is responsible for the monitoring, evaluation and report on the:

- 1) Implementation of amendments to relevant policies.
- 2) Enforcement of by-laws.
- 3) Decisions taken by the Executive Mayor on behalf of Council, when Council is in recess.
- 4) Review of Traffic Safety Plan, Emergency Services Plan as well as the Public Transport and Health care plans.
- 5) Productivity levels of personnel.
- 6) Utilization of Council resources.
- 7) Financial management and value for money.
- 8) Adherence to Batho Pele principles.
- 9) Compliance with legislation.
- 10) Sound management practices.
- 11) Any other function assigned by resolution of Council in its area of competence.

Human Settlement, Rural Development & Local Economic Development Committee

Role

The Committee is tasked with political oversight pertaining to the following:

- 1) Local Economic Development & Tourism.
- 2) Trade and Investment Promotion.
- 3) Informal Trading Management.
- 4) Smart City Concept.
- 5) SMME and Cooperatives Development.
- 6) Job Creation.
- 7) Tourism Development and Marketing.
- 8) Enterprise Development.
- 9) Skills Development.
- 10) Servicing of Twinning and Partnership Arrangements (Economic).
- 11) IGR Management
- 12) Community and Stakeholders Mobilization and Partnerships.
- 13) Development of Investment incentives.
- 14) (Duplication – See 12 above Regional Integration (SADC)).
- 15) Ensure the realisation of African Renaissance and NEPAD objectives.
- 16) Strengthening of the South to South relations.
- 17) Facilitate the implementation of the Millennium Development goals.
- 18) Biodiversity and conservation.
- 19) Global warming and climate change.
- 20) Integrated Rural Development.
- 21) Land Reform and redistribution.
- 22) Agrarian Reform.
- 23) Integrated Human Settlement.

Responsibilities

This Committee will be responsible for the monitoring, evaluation and report on:

- (1) Implementation of amendments to relevant policies.
- (2) Enforcement of by-laws.
- (3) Decisions taken by the Executive Mayor on behalf of Council, when Council is in recess.
- (4) Economic development strategy.
- (5) Tourism and trade strategy.
- (6) Environmental strategy.
- (7) Productivity levels of personnel.
- (8) Utilization of Council resources.
- (9) Financial management and value for money.
- (10) Adherence to the Batho Pele principles.
- (11) Compliance with legislation.
- (12) Sound management practices.
- (13) Any other function assigned by resolution of Council in its area of competence.

Sport and Recreation Committee

Role

This Committee will oversee the development of:

- (1) Sport development
- (2) Community facilities
- (3) Arts and Culture
- (4) Libraries

Responsibilities

This Committee will be responsible for the monitoring, evaluation and report on:

- (1) Implementation of amendments to relevant policies.
- (2) Enforcement of by-laws.
- (3) Decisions taken by the Executive Mayor on behalf of Council, when Council is in recess.
- (4) Regular review of all strategies with regards to each function.
- (5) Productivity levels of personnel.
- (6) Utilization of Council resources.
- (7) Financial management and value for money.
- (8) Adherence to Batho Pele principles.
- (9) Compliance with legislation.
- (10) Sound management practices.
- (11) Any other function assigned by resolution of Council in its area of competence.

Chairpersons Committee

Roles

To monitor the meetings of all Section 79 Oversight Committees of Council.

Responsibilities

To ensure that all Section 79 Oversight Committees meet regularly and to co-ordinate the submission of quarterly oversight reports by all the Section 79 Oversight Committees to Council.

Water and Sanitation Committee

Roles

To monitor all activities around the supply of water to all communities within Mbombela.

Responsibilities

This Committee will be responsible for the monitoring, evaluation and report on:

- (1) Implementation of amendments to relevant policies.
- (2) Enforcement of by-laws.
- (3) Decisions taken by the Executive Mayor on behalf of Council, when Council is in recess.
- (4) Regular review of all strategies with regards to each function.
- (5) Productivity levels of personnel.
- (6) Utilization of Council resources.
- (7) Financial management and value for money.
- (8) Adherence to Batho Pele principles.
- (9) Compliance with legislation.
- (10) Sound management practices.
- (11) Any other function assigned by resolution of Council in its area of competence

Functioning of the Section 79 Oversight Committees

All Section 79 Oversight Committees must be able to generate their own reports. This means that they will not be dependent on the Executive alone for reports.

The following will be applicable on all Section 79 Oversight Committees:

Membership and Constituting of First Meeting

Membership

Only members of City of Mbombela may serve on Section 79 Oversight Committees.

Members of the Mayoral Committee cannot be members of any Section 79 Oversight Committee but can attend meetings as observers, if not called upon to submit information. It is the prerogative of Council to decide who will serve as members of Section 79 Oversight Committees, by way of a Council resolution.

Constituting of First Meeting

Every Section 79 Oversight Committee must be constituted by the honourable Speaker at its first meeting.

All members of Section 79 Oversight Committees must adhere to Council's new Standing Orders.

Every Section 79 Oversight Committee have the prerogative to decide on its own programme of meetings and compile its own agendas.

Access to the Management Information Centre

Every member of a Section 79 Oversight Committee will have full access to the Management Information Centre (MIC).

Hearings

To gather information to fulfil its oversight duties, Section 79 Oversight Committees may conduct hearings.

It is the prerogative of the Chairperson of the relevant Oversight Committee, to summon any member of MAYCO or any official, to a meeting of the Committee. (Via the Office of the Speaker.) If a member of MAYCO is summoned, it must be in writing and directed to the Executive Mayor.

The following information must be in the above-mentioned letter:

- 1) Date, time and venue of the Hearing
- 2) Purpose of the Hearing
- 3) List of specific information needed

If any official is summoned, it must be in writing and directed to the Municipal Manager with a copy to the relevant MMC. (Via the offices of the Speaker and Executive Mayor.)

The following information must be in the above-mentioned letter:

- 1) Date, time and venue of the Hearing.
- 2) Purpose of the Hearing.
- 3) List of specific information needed.

Inspections In LOCO

To gather information to fulfil its oversight duties, Section 79 Oversight Committees may conduct on-site inspections of projects and may visit any Council building.

Attendance of MAYCO/Departmental Meetings As Observers

To gather information to fulfil its oversight duties, Section 79 Oversight Committees may attend MAYCO and departmental meetings as observers.

Reports from Departments

To gather information to fulfil its oversight duties, Section 79 Oversight Committees may request Administration to submit reports to them. (Via the Offices of the Speaker and Executive Mayor.) Such requests must be in writing and directed to the relevant MMC with a copy to the Municipal Manager.

The following minimum information must be included in the above-mentioned requests:

- 1) Reason for information needed.
- 2) Specific information needed.
- 3) Due date for the report to be submitted.

Reports from Members of The MAYORAL Committee

To gather information to fulfil its oversight duties, Section 79 Oversight Committees may request members of the Mayoral Committee to submit reports to them.

Such requests must be in writing and directed to the Executive Mayor. The following minimum information must be included in the above-mentioned requests:

1. Reason for information needed.
2. Specific information needed.
3. Due date for submission of report.

Reports from the Audit Committee

To gather information to fulfil its oversight duties, Section 79 Oversight Committees may request the Audit Committee to submit reports to them.

Such requests must be in writing and directed to the Chairperson of the Audit Committee with copies to the Executive Mayor, relevant MMC and Municipal Manager.

Reports to Council

All Section 79 Oversight Committees must at least on a quarterly basis, table reports to Council. These reports must be in writing and may cover any aspect of their responsibilities.

Administrative Support

Administrative support must be rendered by the Secretariat of the Legislature.

This will inter-alia includes the following:

1. Typing of reports.
2. Compilation of agendas.
3. Recording of meetings/hearings.
4. Arranging of transport to conduct inspections.
5. Liaison with the Executive to get reports etc.

The secretaries of the MMC's can assist with abovementioned tasks.

Section 79 House/Standing Committees

These committees will assist the Speaker and Chief Whip in fulfilling their duties.

The following section 79 House Committees are established:

- I. Public Participation/Petition Committee
- II. Party Whips Committee
- III. Programme Committee
- IV. Rules & Ethics Committee

Committee members must be appointed by Council after consultation with political parties. Committees should consist out of members of all political parties as represented in Council, as far as possible. The Secretariat will provide secretarial support to all Section 79 Committees.

ATTENDANCE REGISTER FOR CHAIRPERSONS COMMITTEE: JULY 2018 TO JUNE 2019

NAME	1 st Ordinary Meeting 22 November 2018	1 st Ordinary meeting 14 March 2019	% ATTENDANCE
Mazibane J M	P	P	100%
Charles T M	P	A	50%
Hlophe M J	P	P	100%
Khoza J J	P	A	50%
Mabuza T G	P	P	100%
Mkhatshwa D B	P	A	50%
Mkhonto K M	P	P	100%
Mlombo L T	P	A	50%
Mokoena S I	P	P	100%
Mutobvu E M	P	P	100%
Ngwenyama D D	A	P	50%

P	=	Present
A	=	Apology
AWOL	=	Absent without leave
-	=	Not a member yet/any more

ATTENDANCE REGISTER:-COMMUNITY SERVICES SECTION 79 OVERSIGHT COMMITTEE

FROM JULY 2018 TO 30 JUNE 2019

COUNCILLOR	1 ST Ordinary Meeting 18 September 2018	2 ND Special Meeting 13 November 2018	1 ST Ordinary Meeting 26 March 2019	2 ND Ordinary Meeting 25 June 2019	% ATTENDANCE
M J Hlophe	P	P	P	P	100%
L M Bhembe	P	P	P	P	100%
M J Malomane	P	P	P	P	100%
T Marshall	-	P	P	P	100%
R F Mgwenya	P	P	P	P	100%
J V Mhlaba	P	-	-	-	100%
L Ngwenyama	P	P	A	P	75%
F S Nkosi	-	-	A	A	0%
H L Shongwe	P	P	A	P	75%

P = Present
 A = Apology
 AWOL = Absent without leave
 - = Not a member yet/any more

ATTENDANCE REGISTER:—CORPORATE SERVICES SECTION 79 OVERSIGHT COMMITTEE

FROM JULY 2018 TO 30 JUNE 2019

COUNCILLOR	1 st Ordinary Meeting 3 October 2018 (No quorum)	1 ST Ordinary Meeting 9 October 2018 (No quorum)	1 ST Ordinary Meeting 16 October 2018	2 ND Special Meeting 27 November 2018	1 st Ordinary Meeting 20 March 2019	2 nd Ordinary meeting 11 June 2019	% Attendance
J M Mazibane	P	P	P	P	P	P	100%
T M Bulunga	P	A	A	P	A	A	33%
T P Manave	-	-	-	-	-	P	100%
M E Mhawule	A	P	P	P	P	P	83%
W W Motha	-	-	-	-	-	P	100%
M G Moyana	-	-	P	P	P	P	100%
G M Nkambule	P	A	P	A	-	-	50%
W P Sibiya	A	P	P	P	P	-	80%

P = Present
 A = Apology
 AWOL = Absent without leave
 - = Not a member yet/any more

ATTENDANCE REGISTER FOR FINANCIAL MANAGEMENT SECTION 79 OVERSIGHT COMMITTEE: JULY 2018 TO JUNE 2019

NAME	1 st Ordinary Meeting 5 July 2018	2 nd Special Meeting 13 November 2018	1 st Ordinary meeting 26 March 2019	2 nd Ordinary meeting 25 June 2019	% ATTENDANCE
Mutobvu E M (Chairperson)	P	P	P	P	100%
Gwebu V S	-	-	-	A	0%
Mlimo V L	-	-	-	P	100%
Mokoena N A	A	P	P	P	75%
Nkosi D J	P	P	P	P	100%
Nkosi F S	P	P	P	-	100%
Sebashe E M	A	A	P	A	25%
Siboza L E	P	P	P	P	100%
Schormann S R	-	-	-	P	100%
Van der Merwe S	-	P	P	P	100%

P	=	Present
A	=	Apology
AWOL	=	Absent without leave
-	=	Not a member yet/any more

ATTENDANCE REGISTER FOR MPAC SECTION 79 OVERSIGHT COMMITTEE: JULY 2018 TO JUNE 2019

NAME	9 th Special Meeting 21 July 2018	10 th Special Meeting 21 August 2018	2 ND Ordinary Meeting 8 November 2018	1 st Special meeting 7 February 2019	2 st Special meeting 12 February 2019	3 rd Special meeting 13 March 2019	4 th Special meeting 19 March 2019	5 TH Special meeting 26 March 2019	1 st Ordinary meeting 23 rd May 2019	% ATTENDANCE
Mkhonto K M (Chairperson)	P	P	P	P	P	P	P	P	P	100%
Maseko L	P	P	P	P	P	P	P	P	A	89%
Mashaba J B	P	P	AWOL	P	P	P	P	P	P	89%
Mhlanga M C (Calvin)	P	P	AWOL	A	P	P	A	P	P	67%
Pila T M	P	P	P	P	P	P	P	P	P	100%
Schormann S R	P	P	A	P	P	P	P	P	P	89%
Sebashe E M	A	P	P	A	P	A	A	P	A	44%

P	=	Present
A	=	Apology
AWOL	=	Absent without leave
-	=	Not a member yet/any more

ATTENDANCE REGISTER:—PUBLIC SAFETY SECTION 79 OVERSIGHT COMMITTEE

FROM JULY 2018 TO 30 JUNE 2019

COUNCILLOR	1 ST Ordinary Meeting 13 September 2018	1 ST Ordinary Meeting 6 March 2019	2 ND Ordinary Meeting 13 June 2019 (Postponed – No reports)	2 ND Ordinary meeting 25 June 2019	% Attendance
L T Mlombo	P	P	P	P	100%
A E Fankomo	P	A	P	P	75%
T Marshall	P	-	-	-	100%
M S Mashele	A	P	A	A	25%
K Mdhluli	-	P	P	P	100%
G M Nkambule	-	-	A	A	0%
M C Nkosi	P	P	P	P	100%
R Q Seepsop	P	P	A	P	75%

P	=	Present
A	=	Apology
AWOL	=	Absent without leave
-	=	Not a member yet/any more

ATTENDANCE REGISTER FOR WATER AND SANITATION

SECTION 79 OVERSIGHT COMMITTEE: JULY 2018 TO JUNE 2019

COUNCILLOR	1 ST Ordinary Meeting 16 August 2018	2nd Special Meeting 14 November 2018	1 ST Ordinary meeting 12 March 2019	2 nd Ordinary meeting 25 June 2019	% ATTENDANCE
Mokoena S I	P	P	P	P	100%
Grovè-Morgan T M J	P	A	P	-	67%
Gwebu V S	-	-	-	A	0%
Matola R C	-	-	-	P	100%
Mbowane P P	P	P	P	P	100%
Ndhlovu K G	P	P	P	P	100%
Nkosi F S	A	P	P	-	67%
Nyundu B A	A	A	P	P	50%
Oliver K A	-	-	P	-	100%
Sibiya W P	P	P	A	-	67%
Thabethe A	P	A	P	A	50%

P	=	Present
A	=	Apology
AWOL	=	Absent without leave
-	=	Not a member yet/any more

ATTENDANCE REGISTER FOR ENERGY **SECTION 79 OVERSIGHT COMMITTEE: JULY 2018 TO JUNE 2019**

COUNCILLOR	1 st Ordinary Meeting 20 September 2018	2 nd Special Meeting 15 November 2018	1 st Ordinary meeting 5 March 2019	2 nd Ordinary meeting 25 June 2019	% ATTENDANCE
Mabuza T G	P	P	P	A	75%
Anthony G C B	P	P	P	P	100%
V S Gwebu	-	-	-	A	0%
Manzini E K	P	A	P	P	75%
R C Matola	-	-	-	P	100%
Mhlanga (Mpumelelo) M C	P	P	P	P	100%
Nkhoma B P	P	P	P	P	100%
C Peyper	-	-	-	P	100%
Sibiya W P	P	P	A	-	67%

P	=	Present
A	=	Apology
AWOL	=	Absent without leave
-	=	Not a member yet/any more

ATTENDANCE REGISTER:--REGIONAL CENTRE CO-ORDINATION SECTION 79 OVERSIGHT COMMITTEE

FROM JULY 2018 TO 30 JUNE 2019

COUNCILLOR	2 ND Ordinary Meeting 20 September 2018	2 ND Special Meeting 20 November 2018 (No quorum)	1 ST Ordinary meeting 14 March 2019	2 ND Ordinary meeting 26 June 2019	% ATTENDANCE
D B Mkhathshwa	P	P	P	P	100%
H B Fakude	P	P	P	P	100%
M E Jacobs	P	P	P	P	100%
S T Masha	A	A	P	P	50%
J J Mkhabela	A	A	P	P	50%
D B Nkosi	P	A	A	AWOL	25%
E N Sibambo	P	A	P	P	75%
L C Sibiya	P	P	A	P	75%

P = Present
 A = Apology
 AWOL = Absent without leave
 - = Not a member yet/any more

**ATTENDANCE REGISTER:--STRATEGIC SUPPORT
SECTION 79 OVERSIGHT COMMITTEE FROM
JULY 2018 TO 30 JUNE 2019**

COUNCILLOR	1 ST Ordinary Meeting 26 September 2018	1 ST Ordinary Meeting 20 March 2019	2 ND Ordinary meeting 20 June 2019 (Postponed – No quorum)	% Attendance
T M Charles	P	P	P	100%
N M Maganga	A	P	A	33%
J V Mhlaba	-	P	P	100%
A S Mthunywa	P	P	-	100%
T K Nyathi	P	AWOL	A	33%
E N Sambo	-	-	P	100%
L M Sikonela	P	P	A	67%
S van der Merwe	P	-	-	100%

P	=	Present
A	=	Apology
AWOL	=	Absent without leave
-	=	Not a member yet/any more

**ATTENDANCE REGISTER FOR CITY PLANNING AND RURAL
DEVELOPMENT SECTION 79 OVERSIGHT COMMITTEE:
JULY 2018 TO JUNE 2019**

COUNCILLOR	1 st Ordinary Meeting 2 October 2018	1 st Ordinary meeting 5 March 2019	2 nd Ordinary meeting 26 June 2019	% ATTENDANCE
Khoza J J	P	P	P	100%
Banda S M	P	P	P	100%
Janse van Rensburg E G	P	P	P	100%
Makushe S E	P	P	P	100%
Mbuyane S E	P	P	P	100%
Ngobe D D T	P	P	P	100%
Nkambule G M	A	P	P	67%
L B Nkosi	-	-	P	100%
Shongwe D E	P	P	A	67%

P	=	Present
A	=	Apology
AWOL	=	Absent without leave
-	=	Not a member yet/any more

**ATTENDANCE REGISTER – PUBLIC WORKS AND TRANSPORT
SECTION 79 OVERSIGHT COMMITTEE: JULY 2018 TO JUNE 2019**

COUNCILLOR	1 st Ordinary Meeting 18 September 2018	2 nd Special Meeting 15 November 2018	1 st Ordinary Meeting 12 March 2019	2 nd Ordinary meeting 19 June 2019	% ATTENDANCE
Ngwenyama D D	P	P	P	P	100%
Lukhele N L	P	A	P	P	75%
Maseko L	A	A	A	-	0%
Masuku S R	A	P	P	P	75%
Minnaar P C W	P	P	P	P	100%
Motha W W	-	-	P	P	100%
Nyalungu B A	P	P	P	P	100%

P	=	Present
A	=	Apology
AWOL	=	Absent without leave
-	=	Not a member yet/any more

CITY OF MBOMBELA: SECTION 79 OVERSIGHT- AND HOUSE COMMITTEES

6 SEPTEMBER 2019

CITY PLANNING AND RURAL DEVELOPMENT	COMMUNITY SERVICES	CORPORATE SERVICES	ENERGY	FINANCIAL MANAGEMENT
<i>Chairperson:</i> <i>Cllr J J Khoza</i>	<i>Chairperson:</i> <i>Cllr M J Hlophe</i>	<i>Chairperson</i> <i>Cllr J M Mazibane</i>	<i>Chairperson</i> <i>Cllr T G Mabuza</i>	<i>Chairperson</i> <i>Cllr E M Mutobvu</i>
S M Banda	L M Bhembe	T M Bulunga	G C B Anthony	V S Gwebu
E G Janse van Rensburg	M J Malomane	T P Manave	V S Gwebu	V L Mlimo
S E Makushe	T Marshall	M E Mhawule	E K Manzini	N A Mokoena
S E Mbuyane	R F Mgwenya	W W Motha	R C Matola	D J Nkosi
D D T Ngobe	L Ngwenyama	M G Moyana	M C Mhlanga (Mpumelelo)	S R Schormann
G M Nkambule	F S Nkosi		B P Nkhoma	E M Sebashe
L B Nkosi	H L Shongwe		C Peyper	L E Sibozza
D E Shongwe				

PUBLIC SAFETY	PUBLIC WORKS AND TRANSPORT	REGIONAL CENTRE CO-ORDINATION	STRATEGIC SUPPORT	WATER AND SANITATION
<i>Chairperson:</i> <i>Cllr L T Mlombo</i>	<i>Chairperson:</i> <i>Cllr D D Ngwenyama</i>	<i>Chairperson</i> <i>Cllr D B Mkhathshwa</i>	<i>Chairperson:</i> <i>Cllr T M Charles</i>	<i>Chairperson:</i> <i>Cllr S I Mokoena</i>
A E Fankomo	N L Lukhele	H B Fakude	N M Maganga	V S Gwebu
M S Mashele	S R Masuku	M E Jacobs	J V Mhlaba	R C Matola
K Mdhluli	P C W Minnaar	S T Masha	T K Nyathi	P P Mbowane
G M Nkambule	W W Motha	J J Mkhabela	E N Sibambo	K G Ndhlovu
M C Nkosi	B A Nyalungu	D B Nkosi	L M Sikonela	B A Nyundu
R Q Seepsop		E N Sibambo		K A Oliver
		L C Sibiya		A Thabethe
				R Torr

MUNICIPAL PUBLIC ACCOUNTS COMMITTEE	PUBLIC PARTICIPATION AND PETITION COMMITTEE
<i>Chairperson:</i> <i>Cllr K M Mkhonto</i>	<i>Chairperson:</i> <i>Cllr G S Siwela</i>
L Maseko	T M Charles
J B Mashaba	T G Mabuza
M C Mhlanga (Calvin)	R C Matola
T M Pila	J M Mazibane
E M Sebashe	K M Mkhonto
S van der Merwe	G M Nkambule
	S van der Merwe

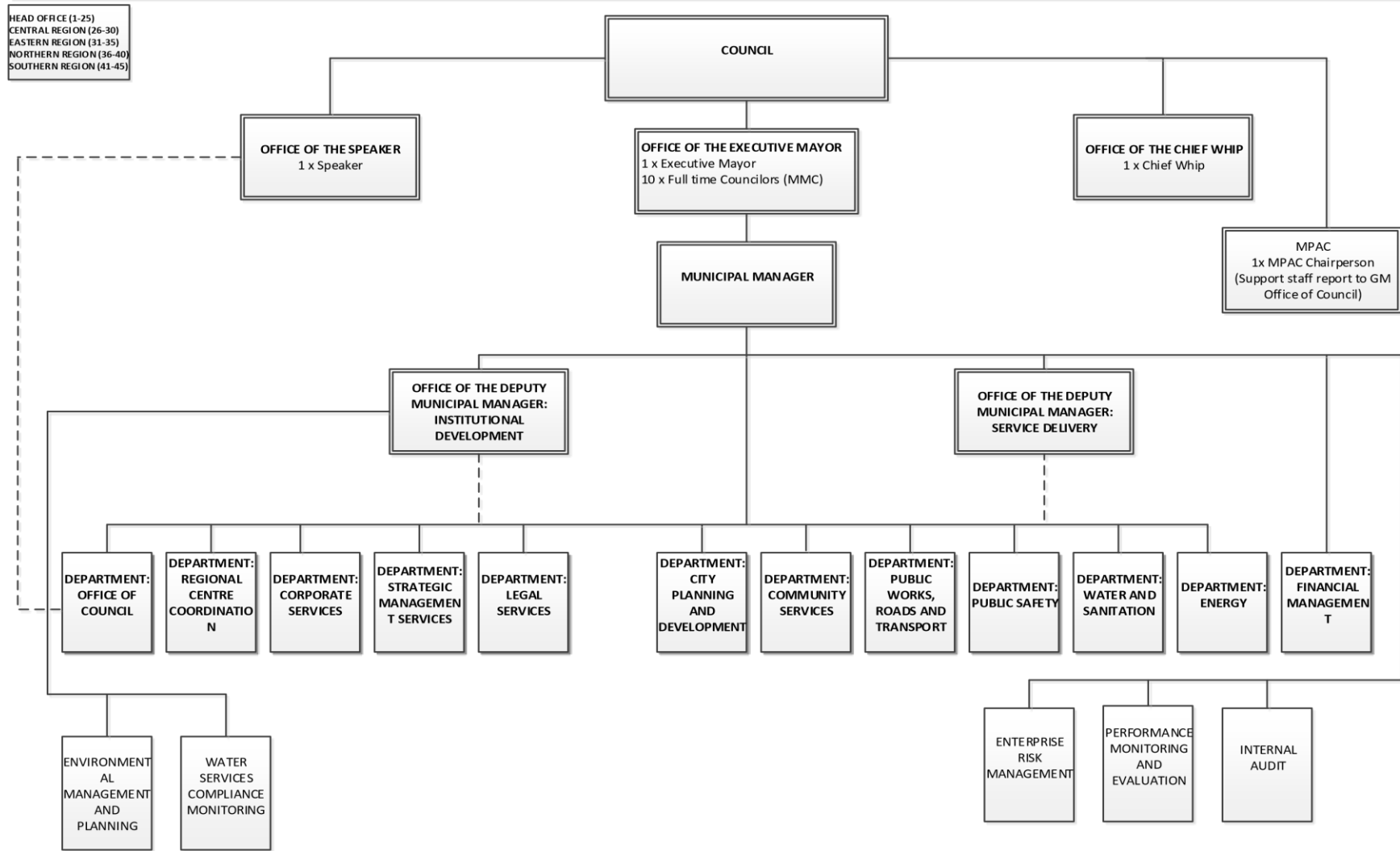
CHAIRPERSONS COMMITTEE	PROGRAMMING COMMITTEE	RULES AND ETHICS	PARTY WHIPS FORUM
<i>Chair of Chairs:</i> <i>Cllr J M Mazibane</i>	<i>Chairperson</i> <i>Cllr G S Siwela</i>	<i>Chairperson</i> <i>Cllr G S Siwela</i>	<i>Chairperson</i> <i>Cllr M E Nsimbini</i>
T M Charles	Mathonsi S P (Represented by LGB, Cllr C Maseko)	L Maseko	L Maseko
M J Hlophe	L Maseko	R C Matola	R C Matola
J J Khoza	R C Matola	T Marshall	T Marshall
T G Mabuza	T Marshall	M E Nsimbini	C Peyper
D B Mkhathshwa	J M Mazibane	C Peyper	
K M Mkhonto	M E Nsimbini		
L T Mlombo	C Peyper		
S I Mokoena			
E M Mutobvu			
D D Ngwenyama			

Appendix C: Third Tier Administrative structure

APPROVED ORGANISATIONAL STRUCTURE FOR THE CITY OF MBOMBELA

APPROVED ON 31 JANUARY 2019

July 31, 2019



Appendix D: Functions of Municipality / Entity

Appendix D (i): Functions of Municipality

Role of Local Government

A municipality does not function in isolation. In terms of the Constitution, it is the third tier of government and forms part of the government apparatus to govern the country and render services to the community.

Because local government is the nearest to the people, it is in many instances the executing arm of government. Services that directly affect the life of people are delivered on this level. Council accepts that its activities must be coordinated with actions of the provincial and national government.

Objectives of Local Government

Before any matters of delegation can be entertained, the statutory objectives of the municipality should first be clarified. In terms of section 152 (l) of the Constitution of the Republic of South Africa (Act 108 of 1996) municipalities have the following objectives with regard to service delivery of government related services:

- a) To provide democratic and accountable government for local communities;
- b) To ensure the provision of services to communities in a sustainable manner;
- c) To promote social and economic development;
- d) To promote a safe and healthy environment; and
- e) To encourage the involvement of communities and community organisations in the matter of local government.

Functions of the Local Government

Before any matters of delegation can be entertained, the statutory functions of the municipality should first be clarified.

In terms of schedule 4 (b) and 5 (b) of the Constitution, municipalities are mandated to fulfil the following functions:

SCHEDULE 4 (B) OF THE CONSTITUTION

- Air pollution
- Building regulations
- Childcare facilities
- Electricity and gas reticulation
- Firefighting services
- Local tourism
- Municipal airports
- Municipal planning
- Municipal health services
- Municipal public transport
- Municipal public works only in respect of the needs of municipalities in the discharge of their responsibilities to administer functions specifically assigned to them under this Constitution or any other law
- Storm water management systems in built up areas
- Trading regulations
- Water and sanitation services limited to potable water supply systems and domestic waste- water and sewage disposal systems

SCHEDULE 5 (B) OF THE CONSTITUTION

- Billboards and display of advertisement
- Cemeteries, funeral parlours and crematoria
- Cleansing
- Control of public nuisances
- Control of undertakings that sell liquor to the public
- Facilities for accommodation, care and burial of animals
- Fencing of fences
- Licensing of dogs
- Licensing and control of undertakings that sell food to the public

- Local amenities
- Local sport facilities
- Markets
- Municipal parks and recreation
- Municipal roads
- Noise pollution
- Pounds
- Public places
- Refuse removal, refuse dumps and solid waste disposal
- Street trading
- Street lighting
- Traffic and parking

As there are more than one type of local government, Council should take note of the role and functions of the District Municipality as well, in the case of a category 5 municipality such as City of Mbombela, the Local Government Municipal Structures Act (Act 117 of 1998) in section 84 (l), prescribe that the following functions resort under the district municipality. *‘A district municipality has the following functions and powers;’*

- a) *Integrated development planning for the district municipality as a whole including a framework for integrated development plans for the local municipalities within the area of the district municipality, taking into account the integrated development plans of those local municipalities;*
- b) *Bulk supply of water that affects a significant proportion of municipalities in the district*
- c) *Bulk supply of electricity that affects a significant proportion on municipalities in the district*
- d) *Bulk sewage purification works and main sewage disposal that affects a significant proportion of municipalities in the district*
- e) *Solid waste disposal sites serving the area of the district municipality as a whole*
- f) *Municipal roads which forms part of an integral part of a road transport system for the area of the district as whole*
- g) *Regulation of passenger transport services*
- h) *Municipal airports serving the area of the district municipality as a whole*
- i) *Municipal health services serving the area of the district municipality as a whole*
- j) *Firefighting services serving he whole area of the district municipality as a whole*

- k) The establishment's conduct and control of fresh produce markets and abattoirs serving the area of the district municipality as a whole*
- l) The establishment conduct and control of cemeteries and crematoria serving the district municipality as a whole*
- m) Promotion of local tourism for the area serving the district municipality as a whole*
- n) Municipal public works relating to any of the above functions or any other functions assigned to the district municipality*
- o) The receipt allocation, allocation and if applicable, the distribution of grants made to the district municipality*
- p) The imposition and collection of taxes, levies and duties as related to the above functions or as may be assigned to the district municipality in terms of national legislation*

In terms of the Disaster Management act, the function of disaster management is the mandate of the district municipality. Council can however get permission from the relevant district council, to take the responsibility for this function.

The MEC for Local Government and Housing may in terms of section 85 (l) of the act adjust the functions between a local and district municipality within a policy framework. Before council can take responsibility for the above-mentioned functions, it is imperative that the provincial MEC for Local Government give approval adjustment of functions.

For the purpose of this document, it is accepted that council complies with the above-mentioned legislation because Council is currently taking responsibility for such functions.

Appendix D (ii) Functions of Entity

Roles and Responsibilities

Having being established by Council Resolutions and in accordance with the provisions of section 86B, 86D, AND 86E of the MSAA; the agency was established as a mechanism to assists the municipality in the performance of its local development functions.

Therefore the objectives of the agency in implementing the local economic development functions of the parent municipality are as follows:

- To attract investments into to the local municipality.
- To market and promote the City of Mbombela economy among potential investors as a good investment destination.
- To promote investment in jobs, new growth sectors and support innovation.
- To mobilize for and support the development of SMME's, cooperatives and corporations.
- To kick start the implementation of strategic and high impact economic projects.
- To initiate, implement and manage poverty reduction projects.
- To implement high impact economic development projects in and for the municipality.

Appendix E: Ward Reporting

WARD COMMITTEE FUNCTIONALITY FOR PERIOD JULY 2018 - JUNE 2019

1. ESTABLISHMENT OF CITY OF MBOMBELA

Section 12 amendment Notice in terms of the Local Government: Municipal Structures Act, Act 117 of 1998, was published in the Extraordinary Mpumalanga Provincial Gazette No. 2721, in respect of the establishment of the City of Mbombela, following the successful approval of the amalgamation of the former Umjindi and Mbombela Local Municipalities, dated, 12 August 2016, and subsequent to the 2016 Local Government Elections held on 03 August 2016.

In terms of the above Section 12 Notice, the MEC for Co-operative Governance and Traditional Affairs in the Mpumalanga Provincial Government established the City of Mbombela as a category B Local Municipality with a **Mayoral Executive, combined with a Ward Participatory System**. The new local municipality has been constituted of 45 proportionally elected Councillors and 45 Ward Councillors.

The City of Mbombela **has been established with 4 Municipal Regions**, as set out below:

- **Central Region-** covering satellite office at the Groove, KaNyamazane, Elandshoek, and Mbombela Head Office
(wards 12,14,15,16,17,18,19,20,21,22,23,24,26,29,02,40) = 16 Wards,
- **Northern Region-** covering the satellite offices of Hazyview, Northern part of the area,(wards 01,03,05,06,07,08,09,25,39) = 09 Wards,
- **Eastern Region-** satellite offices at White River, KaBokweni and Malekutu, (wards 10,11,30,31,32,33,34,35,36,37,38,04) = 12 Wards,
- **Southern Region-** covering the satellite offices at Barberton, Matsulu and Louws Creek farm areas.(Wards 13,27,28,41,42,43,44,45) = 08 Wards

2. WARD COMMITTEE PARTICIPATION:

Central to the establishment of the City of Mbombela is the Ward Participatory System, which is intended at complementing the formal representative government, enhance local democracy in accordance with the constitutional imperative of Section 152 (1) (e) of the Constitution. The Ward

Participatory System, inter alia, implies the establishment of Ward Committees in a municipality as set out in Section 73 of the Local Government Municipal Structures, Act 117 of 1998

The term of office for Ward Committee has been aligned to the term of office of Council (5 years), as per the Regulation published under Notice Number 972 in the Government Gazette 32626. The regulations in this regard became effective subsequent to the Local Government Elections held in 2011.

Improving public participation with a view of closing the social distance between public representatives and communities has been outlined as a key performance area from several overarching strategic documents, inter alia, the Five Year Local Government Strategic Agenda, 2009 Local Government Turnaround Strategy and the 2014 Back to Basics Local Government Improvement approach.

In order to ensure structured ward committee operations, all functional Ward Committees are required to develop and implement the Ward Committee Operational Plans, incorporating the functional indicators as indicated above.

The following elements serve as functionality indicators for Ward Committees as per the National Framework published in terms of Sect 73 (5) of the Local Government: MSA, Act 117 of 1998, under Government Gazette Number 32627 dated, 08 October 2008:

- *Number of ward committee management meetings held and percentage attendance by members;*
- *Number of community meetings organized by the ward Committees and percentage attendance by the ward community;*
- *Submission and tabling of ward reports and plans to the Council, covering needs and priorities for the ward, feedback on the performance of the Councils various line/service functions and their impact on the ward;*
- *Number of door to door campaigns and or interactions with sub-structures, including street committees;*
- *Number of complaints, queries, and requests registered for the community and attended to (checklist of met needs against registered needs and turnaround time);*

- *Distributed publications (information brochures, flyers, newsletters, e-mails, sms, and others) over a period of time;*
- *Management and updating of ward profiles and database of indigent households;*
- *Participation in plans and programmes of municipalities and other spheres of government impacting on the ward development and monitoring thereof.*

3. WARD COMMITTEE INDUCTION

A total number of 44 out of 45 Ward Committees have been established to date. The new Ward Committee members were further **inducted on principles of Democracy, roles and Responsibilities of ward committee members, Councillors and Core Municipal Processes.** It must be noted that there is a Ward Committee that has not been established in Ward 26 due to politically oriented challenges. However, the Office of Council constantly monitors the political developments with a view to establish the Ward Committee at the appropriate time.

4. WARD COMMITTEE FUNCTIONALITY JULY 2018 - JUNE 2019

Below is a report depicting the functional status of the Ward Committees for the period July 2018 - June 2019. The report has been compiled on quarterly basis, reflecting the number of Ward Committees as well as community meetings held, as per the Ward Committee functionality assessment administered from time to time.

a. WARD COMMITTEE FUNCTIONALITY : JULY 2018 - SEPTEMBER 2018

The table below depicts the status quo regarding the Ward Committee functionality for the period **July - September 2018** in terms of the functional indicators for the ward committees.

A total of **35 ward committees were declared functional** and a total of **9 non-functional**.

The non- functional Ward Committees for the period under review are ward 17, 22,25,27,28,29,44,45. A Ward committee has not been established in Ward **26** to date, however, the Office of the Speaker is pursuing the matter.

Ward Councillor	Ward Committee Meeting		Community Meetings		Ward Committee Status	Ward Operational Plan
	Planned Output	Actual Output	Planned Output	Actual Output		
01 Fankomo AE 0768620433	03	00	01	01	Functional	Implemented
02 Msibi M.J. 0826274924	03	03	01	02	Functional	Implemented
03 Nkosi D.J. 0763859158	03	03	01	01	Functional	Implemented
04 Ngwenyama DD 0790362361	03	01	01	04	Functional	Implemented
05 Malumane M.J. 0824236348	03	01	01	03	Functional	Implemented
06 Fakude HB 0829658333	03	01	01	02	Functional	Implemented
07 Banda SM 0824025986	03	03	01	02	Functional	Implemented
08 Mbuyane S.E. 0833286078	03	02	01	03	Functional	Implemented
09 Sebashe EM 0827024942	03	02	01	02	Functional	Implemented

Ward Councillor	Ward Committee Meeting		Community Meetings		Ward Committee Status	Ward Operational Plan
	Planned Output	Actual Output	Planned Output	Actual Output		
10 Ngobe D.D.T 0764731702	03	01	01	01	Functional	Implemented
11 Mutobvu EM 0827093287	03	00	02	11	Functional	implemented
12 Nkhoma BP 0829648340	03	01	01	04	Functional	Implemented
13 Thabethe A 0715952215	03	0	01	01	Functional	Implemented
14 Mkhonto KM 0820783151	03	0	01	09	Functional	implemented
15 Marshall T 0825768889	03	01	01	0	Non Functional	Not Implemented
16 Oliver KA 0813874641	03	02	01	01	Functional	implemented
17 Van der Merwe S 0720335135	03	0	01	0	None functional	Not implemented
18 Mashaba JB 0769508503	03	0	01	02	Functional	Implemented
19 Mkhatshwa DB 0727578275	03	02	01	04	Functional	implemented
20 Sibiya LC 0824886975	03	01	01	03	Functional	Implemented
21 Mkoena NA 0725831142	03	03	01	06	Functional	Implemented
22 Pila TM 0762828764	03	03	01	03	Functional	Implemented

Ward Councillor	Ward Committee Meeting		Community Meetings		Ward Committee Status	Ward Operational Plan
	Planned Output	Actual Output	Planned Output	Actual Output		
23 Mhaule ME 0764108970	03	02	01	10	Functional	Implemented
24 Lukhele NL 0795489000	03	01	01	02	Functional	Implemented
25 Mhlanga MC 0720448114	03	0	01	0	None Functional	Not Implemented
26 Bulunga TM 0636216824	03	0	01	0	No Ward Committee	No Ward Committee
27 Nkosi DB 0764766401	03	0	01	0	None Functional	Not Implemented
28 Masuku SR 0827554252	03	0	01	0	None Functional	Not Implemented
29 Nyathi TK 0720141598	03	0	01	01	Functional	Implemented
30 Grove-Morgan TMJ 0834145060	03	03	01	00	Functional	Implemented
31 Nyalunga BB 0799024040	03	02	01	04	Functional	Implemented
32 Ndhlovu KG 0767721415	03	01	01	01	Functional	Implemented
33 Manzini EK 0834142585	03	02	01	04	Functional	implemented
34 Mgwenya RF 0724970621	03	02	01	05	Functional	Implemented
35 Molemo RQ 0715746165	03	02	01	01	Functional	Implemented

Ward Councillor	Ward Committee Meeting		Community Meetings		Ward Committee Status	Ward Operational Plan
	Planned Output	Actual Output	Planned Output	Actual Output		
36 Khoza JJ 0769143216	03	01	01	02	Functional	Implemented
37 Maganga NM 0760539695	03	03	01	05	Functional	Implemented
38 Masha ST 0761351075	03	0	01	01	Functional	Implemented
39 Mokoena SI 0727474525	03	01	01	0	Functional	Implemented
40 Sikonela LM 0723709343	03	03	01	07	Functional	Implemented
41 Bhembe LM 0636192386	03	01	01	02	Functional	Implemented
42 Nkosi MC 0824639603	03	02	01	02	Functional	Implemented
43 Shongwe HL 0825109430	03	03	01	02	Functional	Implemented
44 Mkhabela JJ 0715687409	03	01	01	0	None functional	Not implemented
45 Nkosi LB 072 977 1683	03	01	01	0	None functional	Not implemented

b. WARD COMMITTEE FUNCTIONALITY : OCTOBER 2018 - DECEMBER 2018

The table below depicts the status quo regarding the ward committee functionality for the period **October – December 2018**.

A total of **29 ward committees were declared functional** and a total of **15 ward committees declared non-functional for the period under review as follows:**

- Northern Region: Ward 06, 25
- Eastern Region: Ward 10, 30,32,38
- Central Region: Ward 12,16,17,18,19,20,29
- Southern Region : Ward 13,45

No ward committee has been established in Ward **26** in the Central Region to date, however, the Office of the Speaker is pursuing the matter.

Ward Councillor	Ward Committee Meeting		Community Meetings		Ward Committee Status	Ward Operational Plan
	Planned Output	Actual Output	Planned Output	Actual Output		
01 Fankomo AE 0768620433	03	01	01	02	Functional	Implemented
02 Msibi MJ 0826274924	03	02	01	02	Functional	Implemented
03 Nkosi DJ 0763859158	03	02	01	03	Functional	Implemented
04 Ngwenyama DD 0790362361	03	02	01	02	Functional	Implemented
05 Malumane MJ 0824236348	03	02	01	04	Functional	Implemented
06 Fakude HB 0829658333	03	02	01	0	Non-Functional	Not Implemented

Ward Councillor	Ward Committee Meeting		Community Meetings		Ward Committee Status	Ward Operational Plan
	Planned Output	Actual Output	Planned Output	Actual Output		
07 Banda SM 0824025986	03	03	01	02	Functional	Implemented
08 Mbuyane SE 0833286078	03	02	01	04	Functional	Implemented
09 Sebashe EM 0827024942	03	02	01	01	Functional	Implemented
10 Ngobe DDT 0764731702	03	0	01	0	Non-Functional	Not Implemented
11 Mutobvu EM 0827093287	03	02	01	01	Functional	Implemented
12 Nkhoma BP 0829648340	03	01	01	0	Non-Functional	Not Implemented
13 Thabethe A 0715952215	03	02	01	0	Non-Functional	Not Implemented
14 Mkhonto KM 0820783151	03	02	01	04	functional	Implemented
15 Marshall T 0825768889	03	01	01	02	Functional	Implemented
16 Oliver KA 0813874641	03	0	01	0	Non-Functional	Not Implemented
17 Van Der Merwe S 0720335135	03	02	01	0	Non-functional	Not Implemented
18 Mashaba JB 0769508503	03	0	01	0	Non-functional	Not Implemented

Ward Councillor	Ward Committee Meeting		Community Meetings		Ward Committee Status	Ward Operational Plan
	Planned Output	Actual Output	Planned Output	Actual Output		
19 Mkhatshwa DB 0727578275	03	01	01	0	Non-Functional	Not Implemented
20 Sibiya LC 0824886975	03	0	01	0	Non-Functional	Not Implemented
21 Mkoena NA 0725831142	03	01	01	03	Functional	Implemented
22 Mpila TM 0762828764	03	02	01	01	Functional	Implemented
23 Mhaule ME 0764108970	03	02	01	01	Functional	Implemented
24 Lukhele NL 0795489000	03	02	01	02	Functional	Implemented
25 Mhlanga MC 0720448114	03	03	01	0	Non-Functional	Not Implemented
26 Bulunga TM 0636216824	03	0	01	0	Non Ward Committee	Non Ward Committee
27 Nkosi DB 0764766401	03	02	01	01	Functional	Implemented
28 Masuku SR 0827554252	03	03	01	01	Functional	Implemented
29 Nyathi TK 0720141598	03	01	01	0	Non-Functional	Not Implemented
30 Grove-Morgam TMJ 0834145060	03	02	01	0	Non-Functional	Not Implemented

Ward Councillor	Ward Committee Meeting		Community Meetings		Ward Committee Status	Ward Operational Plan
	Planned Output	Actual Output	Planned Output	Actual Output		
31 Nyalunga BB 0799024040	03	05	01	04	Functional	Implemented
32 Ndhlovu KG 0767721415	03	0	01	0	Non-Functional	Not Implemented
33 Manzini EK 0834142585	03	01	01	01	Functional	Implemented
34 Mgwenya RF 0724970621	03	04	01	05	Functional	Implemented
35 Molemo RQ 0715746165	03	03	01	03	Functional	Implemented
36 Khoza JJ 0769143216	03	02	01	02	Functional	Implemented
37 Maganga NM 0760539695	03	02	01	01	Functional	Implemented
38 Masha ST 0761351075	03	0	01	0	Non-Functional	Not Implemented
39 Mokoena SI 0727474525	03	02	01	06	Functional	Implemented
40 Sikonela LM 0723709343	03	01	01	02	Functional	Implemented
41 Bhembe LM 0636192386	03	03	01	05	Functional	Implemented
42 Nkosi MC 0824639603	03	01	01	03	Functional	Implemented
43 Shongwe HL 0825109430	02	03	01	03	Functional	Implemented

Ward Councillor	Ward Committee Meeting		Community Meetings		Ward Committee Status	Ward Operational Plan
	Planned Output	Actual Output	Planned Output	Actual Output		
44 Mkhabela JJ 0715687409	03	02	01	04	Functional	Implemented
45 Nkosi LB 072 977 1683	03	0	01	0	Non-Functional	Not Implemented

c. WARD COMMITTEE FUNCTIONALITY: JANUARY – MARCH 2019.

The table below depicts the status quo regarding the ward committee functionality for the period **January – March 2019**.

A total of **28 ward committees were declared functional** and a total of **16 ward committees declared non-functional** for the period under review

WARD COMMITTEE FUNCTIONALITY: JANUARY – MARCH 2019.

Ward Councillor	Ward Committee Meeting		Community Meetings		Ward Committee Status	Ward Operational Plan
	Planned Output	Actual Output	Planned Output	Actual Output		
01 Fankomo AE 0768620433	03	01	01	02	Functional	Implemented
02 Msibi MJ 0826274924	03	02	01	02	Functional	Implemented
03 Nkosi DJ 0763859158	03	02	01	03	Functional	Implemented
04 Ngwenyama DD 0790362361	03	02	01	02	Functional	Implemented
05 Malumane MJ 0824236348	03	02	01	04	Functional	Implemented
06 Fakude HB 0829658333	03	02	01	0	Non-Functional	Not Implemented

Ward Councillor	Ward Committee Meeting		Community Meetings		Ward Committee Status	Ward Operational Plan
	Planned Output	Actual Output	Planned Output	Actual Output		
07 Banda SM 0824025986	03	03	01	02	Functional	Implemented
08 Mbuyane SE 0833286078	03	02	01	04	Functional	Implemented
09 Sebashe EM 0827024942	03	02	01	01	Functional	Implemented
10 Ngobe DDT 0764731702	03	00	01	0	Non-Functional	Not Implemented
11 Mutobvu EM 0827093287	03	02	01	01	Functional	Implemented
12 Nkhoma BP 0829648340	03	01	01	0	Non-Functional	Not Implemented
13 Thabethe A 0715952215	03	02	01	0	Non-Functional	Not Implemented
14 Mkhonto KM 0820783151	03	02	01	04	Functional	Implemented
15 Marshall T 0825768889	03	01	01	02	Functional	Implemented
16 Oliver KA 0813874641	03	00	01	0	Non-Functional	Not Implemented

Ward Councillor	Ward Committee Meeting		Community Meetings		Ward Committee Status	Ward Operational Plan
	Planned Output	Actual Output	Planned Output	Actual Output		
17 Van Der Merwe S 0720335135	03	02	01	0	Non-Functional	Not Implemented
18 Mashaba JB 0769508503	03	00	01	0	Non-Functional	Not Implemented
19 Mkhathshwa DB 0727578275	03	01	01	0	Non-Functional	Not Implemented
20 Sibiya LC 0824886975	03	0	01	0	Non-Functional	Not Implemented
21 Mkoena NA 0725831142	03	01	01	03	Functional	Implemented
22 Mpila TM 0762828764	03	02	01	01	Functional	Implemented
23 Mhaule ME 0764108970	03	02	01	01	Functional	Implemented
24 Lukhele NL 0795489000	03	02	01	02	Functional	Implemented
25 Mhlanga MC 0720448114	03	03	01	0	Non-Functional	Not Implemented
26 Bulunga TM 0636216824	03	0	01	0	No Ward Committee	No Ward Committee

Ward Councillor	Ward Committee Meeting		Community Meetings		Ward Committee Status	Ward Operational Plan
	Planned Output	Actual Output	Planned Output	Actual Output		
27 Nkosi DB 0764766401	03	02	01	01	Functional	Implemented
28 Masuku SR 0827554252	03	03	01	01	Functional	Implemented
29 Nyathi TK 0720141598	03	01	01	0	Non-Functional	Not Implemented
30 Grove-Morgam TMJ 0834145060	03	02	01	0	Non-Functional	Not implemented
31 Nyalunga BB 0799024040	03	05	01	04	Functional	Implemented
32 Ndhlovu KG 0767721415	03	0	01	0	Non-Functional	Not Implemented
33 Manzini EK 0834142585	03	01	01	01	Functional	Implemented
34 Mgwenya RF 0724970621	03	04	01	05	Functional	Implemented
35 Molemo RQ 0715746165	03	03	01	03	Functional	Implemented

Ward Councillor	Ward Committee Meeting		Community Meetings		Ward Committee Status	Ward Operational Plan
	Planned Output	Actual Output	Planned Output	Actual Output		
36 Khoza JJ 0769143216	03	02	01	02	Functional	Implemented
37 Maganga NM 0760539695	03	02	01	01	Functional	Implemented
38 Masha ST 0761351075	03	0	01	0	Non-Functional	Not Implemented
39 Mokoena SI 0727474525	03	02	01	06	Functional	Implemented
40 Sikonela LM 0723709343	03	01	01	02	Functional	Implemented
41 Bhembe LM 0636192386	03	03	01	05	Functional	Implemented
42 Nkosi MC 0824639603	03	01	01	03	Functional	Implemented
43 Shongwe HL 0825109430	02	03	01	03	Functional	Implemented
44 Mkhabela JJ 0715687409	03	02	01	04	Functional	Implemented
45 Nkosi LB 072 977 1683	03	0	01	0	Non-Functional	Not Implemented

d WARD COMMITTEE FUNCTIONALITY: APRIL TO JUNE 2019.

A total of **37 ward committees were declared functional** and a total of **8 ward committees declared non-functional for the period under review;**

Ward Councillor	Ward Committee Meeting		Community Meetings		Ward Committee Status	Ward Operational Plan
	Planned Output	Actual Output	Planned Output	Actual Output		
01 FANKOMO A.E. 0768620433	03	00	01	01	Non-Functional	Not implemented
02 MSIBI M.J. 0826274924	03	03	01	02	Functional	Implemented
03 NKOSI D.J. 0763859158	03	03	01	02	Functional	Implemented
04 NGWENYAMA D.D 0790362361	03	03	01	01	Functional	Implemented
05 MALUMANE M.J. 0824236348	03	02	01	03	Functional	Implemented
06 FAKUDE H.B. 0829658333	03	02	01	0	Non-Functional	Not implemented
07 BANDA S.M. 0824025986	03	03	01	02	Functional	Implemented

Ward Councillor	Ward Committee Meeting		Community Meetings		Ward Committee Status	Ward Operational Plan
	Planned Output	Actual Output	Planned Output	Actual Output		
08 MBUYANE S.E. 0833286078	03	01	01	03	Functional	Implemented
09 SEBASHE E.M. 0827024942	03	01	01	03	Functional	Implemented
10 NGOBE D.D.T 0764731702	03	01	01	02	Functional	Implemented
11 MUTOBVU E.M. 0827093287	03	02	01	03	Functional	Implemented
12 NKHOMA B.P. 0829648340	03	01	01	01	Functional	Implemented
13 THABETHE A 0715952215	03	04	01	03	Functional	Implemented
14 MKHONTO K.M. 0820783151	03	02	01	03	Functional	Implemented
15 MARSHALL T 0825768889	03	02	01	01	Functional	Implemented

Ward Councillor	Ward Committee Meeting		Community Meetings		Ward Committee Status	Ward Operational Plan
	Planned Output	Actual Output	Planned Output	Actual Output		
16 OLIVER K.A. 0813874641	03	01	01	0	Non-Functional	Not implemented
17 VAN DER MERWE S 0720335135	03	01	01	02	Functional	Implemented
18 MASHABA J.B. 0769508503	03	01	01	03	Functional	Implemented
19 MKHATSHWA D.B. 0727578275	03	00	01	02	Non-Functional	Not Implemented
20 SIBIYA L.C. 0824886975	03	02	01	01	Functional	Implemented
21 MKOENA N.A 0725831142	03	03	01	03	Functional	Implemented
22 MPILA T.M. 0762828764	03	02	01	01	Functional	Implemented
23 MHAULE M.E. 0764108970	03	03	01	01	Functional	Implemented
24 LUKHELE N.L. 0795489000	03	03	01	02	Functional	Implemented

Ward Councillor	Ward Committee Meeting		Community Meetings		Ward Committee Status	Ward Operational Plan
	Planned Output	Actual Output	Planned Output	Actual Output		
25 MHLANGA M.C 0720448114	03	02	0	02	Functional	Implemented
26 BULUNGA T.M. 0636216824	03	0	01	0	No Ward Committee	No Ward Committee
27 NKOSI D.B. 0764766401	03	02	01	04	Functional	Implemented
28 MASUKU S.R. 0827554252	03	01	01	02	Functional	Implemented
29 NYATHI T.K. 0720141598	03	01	01	02	Functional	Implemented
30 GROVE- MORGAM T.M.J. 0834145060	03	02	01	0	Non-Functional	Not Implemented
31 NYALUNGA B.B. 0799024040	03	03	01	06	Functional	Implemented
32 NDHLOVU K.G. 0767721415	03	02	01	01	Functional	Implemented

Ward Councillor	Ward Committee Meeting		Community Meetings		Ward Committee Status	Ward Operational Plan
	Planned Output	Actual Output	Planned Output	Actual Output		
33 MANZINI E.K. 0834142585	03	01	01	01	Functional	Implemented
34 MGWENYA R.F. 0724970621	03	03	01	15	Functional	Implemented
35 MOLEMO R.Q. 0715746165	03	03	01	02	Functional	Implemented
36 KHOZA J.J 0769143216	03	01	01	04	Functional	Implemented
37 MAGANGA N.M. 0760539695	03	04	01	05	Functional	Implemented
38 MASHA S.T. 0761351075	03	02	01	02	Functional	Implemented
39 MOKOENA S.I. 0727474525	03	03	01	05	Functional	Implemented
40 SIKONELA L.M. 0723709343	03	02	01	02	Functional	Implemented
41 BHEMBE L.M. 0636192386	03	02	01	01	Functional	Implemented

Ward Councillor	Ward Committee Meeting		Community Meetings		Ward Committee Status	Ward Operational Plan
	Planned Output	Actual Output	Planned Output	Actual Output		
42 NKOSI M.C. 0824639603	03	01	01	01	Functional	Implemented
43 SHONGWE H.L. 0825109430	02	02	01	02	Functional	Implemented
44 MKHABELA J.J. 0715687409	03	0	01	0	None Functional	Not Implemented
45 NKOSI L.B. 072 977 1683	03	0	01	0	None Functional	Not Implemented

5. CROSS-CUTTING CHALLENGES RAISED BY WARD COMMITTEES

The following represents cross-cutting service delivery challenges that have emerged throughout the assessment of the Ward Committee functionality, issues that require the attention of the Municipality and government intervention;

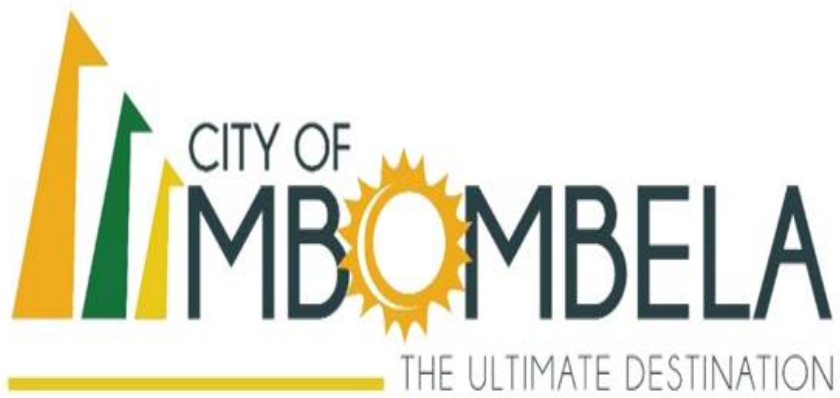
- Illegal connection of water to the reticulation system and bulk;
- Lack or insufficient water supply to some wards
- Water tankers not supply water according to schedule
- Request for additional boreholes
- Need for electricity, street and mass lights
- Need for paving, tarring and grading of roads
- Need to address illegal land invasion
- Need to address illegal connection of electricity
- Request for allocation of land for new cemeteries

- Delays in projects implementation
- Increase in crime, criminal activities and gender based violence.
- Challenges in communities receiving feedback on issues raised

Appendix F: Ward Information

Refer to Chapter 3 of the service delivery performance report.

Appendix G: Recommendations of the Municipal Audit



PURPOSE

The primary purpose of the report is to submit to Council, through the office of the Municipal Manager a high level account of the Audit committee's oversight role during this 2017/18 reporting cycle.

1. PURPOSE

In terms of the Audit Committee Charter, it is required that the Audit Committee make recommendations to management and Council through the Municipal Manager, resulting from the activities carried out within the financial year.

2. BACKGROUND AND INTRODUCTION

The Audit Committee is constituted as a statutory committee of the Municipality in terms of statutory duties in terms of the provisions of section 166 of the Municipal Finance Management Act (No 56 of 2003), and a Committee of the Council in respect of all other duties assigned to it by the Council.

To fulfil its legal mandate, the Audit Committee operates in terms of an Audit Committee Charter which derives its role from section 166(1) of the MFMA, entrusting the Committee with the responsibility to advise and provide assurance and consulting services to Council, the Executive Mayor, political-office bearers and the Municipal Manager, on matters relating to:

- 1. Functions of the Internal Audit Unit*
- 2. Internal Control Environment*
- 3. Internal financial control and internal audits*
- 4. Risk management*
- 5. Accounting policies*
- 6. The adequacy, reliability and accuracy of financial reporting and information*
- 7. Performance management*
- 8. Effective governance*
- 9. Compliance with the Municipal Finance Management act as well as the annual Division of Revenue Act and applicable National Treasury Circulars*
- 10. Applicable legislation and Regulations*

11. *Performance evaluation*
12. *Any other issues referred to it by Council and the Municipal Manager*
13. *Respond to Council on any issues raised by the Auditor-General in the audit report*
14. *Carry out any investigation into the financial affairs of the municipality on request of Council, the Municipal Public Accounts Committee and the Municipal Manager*
15. *Auditing of performance management as per Council resolution A(14) dated 25 November 2002 in terms of section 166(1) (5) of the MFMA and the Municipal Planning and Performance Management Regulations, which states:*

Section 14 (1) (b) and (4) of the Local Government: Municipal Planning and Performance Management Regulations (R 796; dated 24 August 2001) which is:
 - 15.1. *To advise Council on the functionality of the performance management system and*
 - 15.2. *To advise Council whether the performance system complies with the Act.*
 - 15.3. *To advise Council on the extent to which the municipality's performance measures are reliable in measuring performance.*
16. *In terms of the auditing of systems, the Committee will advise Council on the standard of the financial, procurement and administrative systems in Council as well as making recommendations with regards to perceived shortcomings.*
17. *The Office of the Auditor-General requires the Committee to ensure that the Internal Audit Unit performs its duties effectively and efficiently.*
18. *The Committee will therefore advise Council on the standard of service pertaining to the Internal Audit Unit*

External Member Composition:

Section 166(4) (a) of the MFMA provides that “*an audit committee must consist of at least three persons with appropriate experience, of whom the majority may not be in the employ of the municipality*”

The Audit Committee consists of the following four (4) External members:

- Mrs T Mbatha CA(SA)
- Ms Sbongile Lubisi
- Ms L Ngwenya

- Mr S Ndukuya

Members of the Audit Committee are all independent and have the required qualifications, skills and knowledge, which includes auditing, business management, risk management, accounting and financial management as indicated below:

Thembelihle Mbatha

- Qualified Chartered Accountant – South Africa (CA-SA)
- Masters of Business Leadership
- Honours Bachelor of Accounting Science
- Bachelor of Accounting Science
- Completed articles with KPMG
- Over 10 years' experience in Internal and External Auditing, Accounting and Risk Management

Sbongile Lubisi

- Currently studying Masters of Management: Policy
- Bachelor of Technology: Public Management
- National Diploma: Commercial Practise
- Certificates in Project Management, Supervisory Management Skills, Public Finance Management Act and Supply Chain Management Bid

Simon Ndukuya

- Master's in Business Administration
- Honours in Industrial Relations
- Bachelor of Administration
- Over 23 years in Business Management, Planning, Client Co-ordination and Engagement, Account Management as well as Leadership.

Lindiwe Ngwenya

- Honours Bachelor of Accounting Science – Hons BCompt
- B.Com Degree
- Currently studying CTA level 2 with University of South Africa
- Completed 3 year's articles with the office of the Auditor General
- Admitted by SAICA as an Associate General Accountant
- Over 10 years' experience in Accounting, Risk Management and Auditing

This report is tabled against this backdrop of mutual growth to the benefit of the citizenry of Mbombela. It is trusted that the opinion of the Audit Committee will assist the Municipality in its endeavours to render the affordable and sustainable Municipal services to the community.

AUDIT COMMITTEE MEETING SCHEDULE AND ATTENDANCE

Meeting Date	Ordinary	Special	Members attendance
28 August 2018 (To review AFS)		☐	Mrs T. Mbatha CA(SA) Ms S. Lubisi Ms L. Ngwenya Mr S. Ndukuya
27 September 2018	☐		Mrs T. Mbatha CA(SA) Ms S. Lubisi Mr S. Ndukuya Ms L. Ngwenya
04 December 2018	☐		Mrs T. Mbatha CA(SA) Ms L. Ngwenya Ms S. Lubisi Mr S. Ndukuya
07 March 2019	☐		Mrs T. Mbatha CA(SA) Ms L. Ngwenya Mr S. Ndukuya Ms S. Lubisi
14 May 2019		☐	Mrs T. Mbatha CA(SA)

Meeting Date	Ordinary	Special	Members attendance
28 August 2018 (To review AFS)		☐	Mrs T. Mbatha CA(SA) Ms S. Lubisi Ms L. Ngwenya Mr S. Ndukuya
			Ms L. Ngwenya Mr S. Ndukuya Ms S. Lubisi
20 June 2019	☐		Mrs T. Mbatha CA(SA) Ms S. Lubisi Ms L. Ngwenya Mr S. Ndukuya
27 August 2019 (The meeting was to review the fourth quarter reports)	☐		Mrs T. Mbatha CA(SA) Ms S. Lubisi Ms L. Ngwenya Mr S. Ndukuya

3. REPORTS

Based on the reports tabled before the Committee, the Committee will express its views on matters as stated in Section 166 (2) of the Municipal Finance Management Act, No 56 of 2003.

It is trusted that the opinion and recommendations of the Audit Committee will assist the municipality in its endeavours to render affordable and sustainable municipal services to the community.

3.1 Organisational Performance

3.1.1 Council adopted in its Service Delivery and Budget Implementation Plan for the 2018/19 (SDBIP) Financial year, with thirteen (13) key priority areas. The role of the Audit Committee is to express its opinion on Council performance, compliance with Corporate Governance imperatives, internal control effectiveness and most importantly if set objectives in terms of the SDBIP have been achieved within the 2018/19 financial year.

3.1.2. It is with disappointment that in the 2018/19 financial year the financial audit outcome of the city has regressed from an unqualified opinion to a qualified opinion as a result of internal control deficiencies resulting material uncertainties on the adequacy of systems in place to maintain records of cash and cash equivalents and as a result the AG (SA) Could not confirm the cash and cash equivalents by alternative means. We believe that with strict adherence to controls and review procedures this material finding can be corrected going forward and steer a way back to an unqualified opinion and ultimately the “clean” administration we continue to strive for

Analysis of Council Performance:

Below are four tables depicting City of Mbombela performance. **Table 1** is the performance of the city over a three year period as indicated. It is heart-warming to see the progress Council is making good strides in achieving set targets within the financial years, however, there has been a steady decline in the targets not achieved over the last three financial years (2016/2017-2018/2019). This decline would need to be analysed and corrected to prevent future decline but ensure improvement.

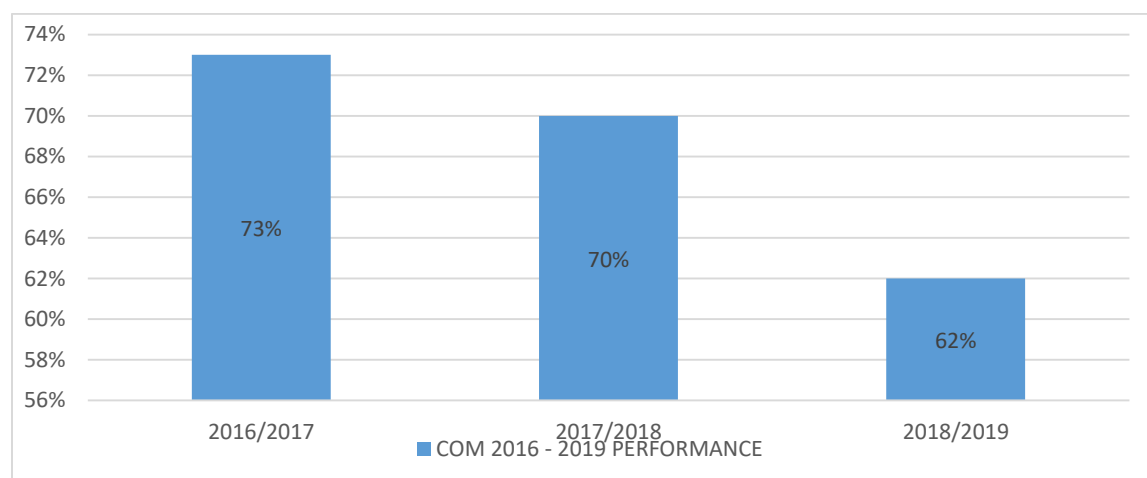


Table 1

In the current year under review (2018/2019) as reflected in table 3 below, Council has achieved 62% of its planned targets. This is a commendable achievement under the financially constrained situation of the city, however special attention has to be drawn to average, underperforming and poor performing divisions of Council.

The risks and implications of poor performance by these divisions have negative financial and service delivery consequences for Council.

Below is a list of divisions that pose a risk in terms of their underperformance or poor performance to council:

Asset Management
Revenue Generation & Management
Local Economic Development
Rural Planning, Traditional Affairs & Agriculture
Public Transport Operations
Spatial Planning
Real Estate Management
Electricity Operations & Maintenance
International & Intergovernmental Relations & Protocol

Table 2

It should be noted that with the exception of International & Intergovernmental Relations & Protocol that, the average, poor performance and underperformance of these divisions have a direct service delivery and financial implications to Council and urgent steps to remedy the situation should be implemented.

3.1.2 Targets reached are to be measured against the following five (5) key priority areas adopted by Council:

- Service Delivery and Infrastructure Development
- Local Economic Development
- Institutional Development and Transformation
- Public Participation and Good Governance
- Financial Viability and Management

3.1.3 The table below indicates the performance per key performance area for the 2018/18 financial year. The Municipality's overall achievement of the Municipality on a high level SDBBIP level was 62% as certified by the AG (SA) however the detailed departmental performance for the year is 72%.

Key Performance Area	Total number of targets	Percentage	Number of targets achieved	Percentage	Number of targets not achieved	Percentage
Service Delivery and Infrastructure Development	51	100%	28	55%	23	45%
Local Economic Development	8	100%	4	50%	4	50%
Institutional Development and Transformation	11	100%	10	91%	1	1%
Public Participation and Good Governance	5	100%	4	80%	1	20%
Financial Viability and Management	11	100%	7	64%	4	36%
Total	86	100%	53	62%	33	38%

Table 3

3.1.4 The percentage achievement on Service Delivery and Infrastructure Development is 55 % as tabulated above. Service Delivery and Infrastructure Development Key Performance area is composed of the following departments:

- Water and Sanitation
- Energy
- Public Works, Roads and Transport
- Community Services (Waste and environmental Management)
- Public Safety

3.1.5 The achievement on Local Economic Development Key Performance Area is 50%. Local Economic Development is within City Planning and development Department and composed of the following departments:

- Economic Development
- Rural Development
- Integrated Human Capital

3.1.6 Service Delivery and Local Economic Development Key performance areas are critical public services. These are areas which are visible, tangible and have more effect to the daily living of the public. The 50% achieved by Local Economic Development indicates a decrease in performance when compared to achievements of 2017/2018 financial year. The 55 % (Fifty Five percent) achievement on service delivery key performance area is still a concern. Although the service delivery performance area has improved slightly improved from 50% achievement of 2017/2018, this performance is still risk of failure to make substantial progress which is visible to the eyes of the public. Such poor performance will invalidate efforts Council makes towards what one could term “internal or institutional” improvements in the areas of administration and support where achievement was higher. Administrative gains without infrastructure achievement are minimal at local government level, these must go hand in hand.

3.1.7 These selected SDBIP key focus areas can never be succeeded without resources and skills to accomplish them. These resources should be assigned key targets which are SMART (specific, measurable, achievable, reliable and time bound) so that Council can evaluate performance.

3.1.8 During the quarterly reviews and engagements with management, the Committee noted a trend of repeat issues such as:

- Inconsistent reporting
- Inaccurate reporting and
- Targets not achieved: This pose a critical risk, especially on service delivery focus areas
- Portfolio of Evidence (POEs) not submitted for audit purposes: This pose a high risk of material, misstatements on annual report. It also limits the work of the internal audit and audit committee as they cannot perform reviews that will enable them to provide reasonable assurance on Organisational Performance.

3.1.10 The issues mentioned above were noted from the 1st (first) to the 4th (fourth) quarter and the major contributing factor to all of them was the fact that reported performance was not adequately reviewed with the supporting evidence before finalisation of the report.

3.1.11 The committee recommended adequate review of performance before submission of the report to Monitoring and Evaluation unit and ultimately to Internal Audit for audit purposes. It was also recommended that consequence management should be implemented for failure to submit POEs.

3.1.12 The Eskom challenges relating to fruitless and wasteful expenditure as a result of interest charged have been noted and continue to be followed up, recommendations to that effect have also been made

3.2.13 Overall performance of the city from a performance point of view has slightly declined, however it is commendable in the financially constrained circumstances.

Capital Projects

Most Capital projects follow the universal Waterfall model shown below throughout their life-span.

The following projects that were executed by the Municipality were sampled to endeavour to establish whether there are opportunities for improvement in respect of Project Management and Reporting.

IDP No	Department	Description	Plan Budget	Budget Spent	Target Performance	Actual Performance
CoM C73	Public Works, Roads and Transport	Upgrade of D725 University Precinct	R34 522 244	R15 888 370	100% of 2.3 kilometres road of D725 University Precinct Upgraded	92% of 2.3 kilometres road of D725 University Precinct Upgraded
CoM C98	Water and Sanitation	Phumlani Water Scheme	R6 489 103	R8 529 998	100% Phumlani water Scheme completed	77% Phumlani water Scheme completed
CoM C17	Energy	Electrification Of 300 Households At Tekwane South (300+480) (Change Control)	R4 043 478	R4 057 287	212 households connected	0 households connected
CoM C5	City Planning and Development	Upgrade of Lumphisi Kabokweni and Plaston Road - Neighbourhood Programme	R15 000 000	R56 847 753	100% of rehabilitation of 14km of Lumphisi, Kabokweni Plaston road	96% of rehabilitation of 14km of Lumphisi, Kabokweni Plaston road

Table 4

The following were noted on the above-mentioned projects:

1. Risk Identification and impact of Mitigation Strategies doesn't seem to be given adequate attention before commencing with project implementation, as these have a direct impact on Project Schedule and Budget. This should be taken into account during budgeting and compacting on project performance (KPI's).

2. There seems to be inconsistencies in reporting by using Inception-To-Date (ITD) and Year to Date (YTD) figures interchangeably when reporting both the Capital Expenditure and the Physicals for multi-year projects. A suggestion will be to use ITD figures only for the sake of consistency and ease of interpretation across all projects.

3.2 Annual Financial Statements

3.2.1 Financial statements are being prepared in-house by the officials within finance department and that is commendable. The finance department appointed a service provider to review the AFS. Internal audit also has a responsibility to review AFS as well as the audit committee.

3.2.2 Internal audit performed the high level review of the AFS and presented their report or review notes to the audit committee. The AFS were submitted late to Internal Audit (4) days before finalisation and submission to Auditor General. The review notes by the internal audit were being sent to finance department as the statements were being prepared and the corrections were being made as they progressed with preparation of the AFS. Internal audit confirmed that the issues they raised were effected and AFS were updated.

3.2.3 The audit committee was provided with the AFS very late and could not adequately review them, however the committee put reliance on the reviews performed by internal audit and the external service provider appointed by the Municipality. Whilst audit committee did not have enough time to review the AFS, there were issues noted in regard to the state of the municipal finance which the committee brought to the attention of management. The issues are:

- The poor liquidity ratio of the municipality
- The high creditor's amounts of **R2 709 105 003** at year end of 2018/19 which increased from **R2 418 171 156** creditors in 2017/18. This suggest that the municipality is struggling to pay its debtors within the 30 days as required by the Act.
- The debtor's amounts also include government debt, which suggests that the municipality is struggling to collect from government and intervention should be made in this regard.
- The fruitless and wasteful expenditure amount due to interest paid to service providers of which is mainly Eskom. This expenditure is not going down due the

financial situation within the municipality. Although this is the case, audit committee commends the municipality for investigating the reasons that led to fruitless and wasteful expenditure and reporting to back to council. We also noted that Council wrote off some of the expenditure incurred due to interest charged following a finalised investigative process and it's a progressive step. There is still a balance of irregular expenditure not yet written off by Council due to the processes between investigation by Internal Audit and MPAC which have not yet been finalised.

- The committee noted that the Municipality incurred irregular expenditure to the amount of **R87 489 912** of which bulk of this amount (**79 869 224**) was due to multiple extension of contracts. Management reported that all contracts that were leading to the occurrence of irregular expenditure due to multiple extension were terminated except for one contract with DELCA. It is the expectation of the committee that the amount of irregular expenditure will be only to the effect of DELCA and not any other irregular expenditure incurred due to new contracts which will be multiple extended.
- It is recommended that contract management be enforced, coupled with adequate planning to ensure that no instances of irregular expenditure result from multiple extension of contracts.

3.3 Budget Performance Assessment

Budget performance reports were presented to the committee on quarterly basis and the following issues were noted and recommendations were made to the audit committee:

- The Municipality incurred fruitless and wasteful expenditure amounting to **R33 190 626** during 2018/19 financial year which increase from **24 888 557** fruitless and wasteful expenditure incurred in 2017/18. The expenditure was incurred due to late payments of creditors, particularly Eskom.
- This is an indication that the municipality is still struggling to pay its creditors within 30 days. The committee recommended that Council should negotiate with ESKOM to enter into an agreement to pay them in 30 days as opposed to 15 days. The committee also recommended that the financial recovery plan should be implemented and closely monitored.

- The Audit Committee recommended that the revenue enhancement plan and financial recovery plan should form part departmental SDBIP and be assessed on quarterly basis.
- An amount of **R101 861 275.00** for conditional grants was not approved for roll over by National Treasury in the year 2018/2019. This was due to unspent grant (PTNG) of which the Municipality applied for the roll-over which was not approved by National Treasury. Audit Committee raised the risk regarding the unspent grant in the previous years and management indicated that the risk was being managed.
- In the current year the committee still noted issues of low spending on grant funded projects, particularly PTNG and made recommendation to management. The committee recommended that the spending on conditional grants be accelerated and this will be aligned to the organizational performance. Where commitments are made but the projects are not yet completed, communication to National Treasury should be escalated.

3.4 Effectiveness of Internal Control System

The audit committee is required by the Municipal Finance Management Act and the King IV report to provide an oversight on the adequacy, efficiency and effectiveness of the organisation's internal controls.

Internal Audit performed the following audits during 2018/19 financial year:

- Audit of performance information quarter 1, 2, 3 and 4
- Public safety operational audit
- Community Services
- Corporate Governance
- Deviations from normal supply chain processes quarter 1,2,3 and 4
- Irregular expenditure quarter 1
- Fruitless and wasteful expenditure quarter 1,2,3 and 4
- Supply chain - contracts awarded
- General Information Technology and Communication
- Corporate Services

- Follow up on AG findings

Based on the review of the internal control controls within the areas audited by Internal Audit, the committee noted instances of internal control deficiency and ineffectiveness as follows:

- Issues of information presented to Audit Committee with no supporting POEs was still incurring and this is an indication of internal controls deficiencies which may exists in the verification process.
- Inaccurate and inconsistent reporting of performance information was an issue noted all through the quarters. This is also an indication of internal control deficiency around the process of reviewing performance information.
- Matters of internal control failure were noted within Public Safety, Community Services and Corporate Services departments.
- Deviations amount incurred during the year 2018/19 was **R18 874 295** which decreased from **R25 038 692** incurred during 2017/18. Although there was a decrease when comparing 2017/18 and 2018/19, deviations from SCM processes continued to increase from quarter one to quarter four of the 2018/19 financial year and this is not an indication of good governance, adequate planning and proper management.
- Some deviations were due to inappropriate planning. Audit Committee recommended appointment of panel of service providers that lead to deviations and improvement on planning. It is worth mentioning that deviations are provided for local government in the Municipal Finance Management Act because it is sometimes impractical to follow the SCM processes when procuring goods and services, however the committee notes that there is an element of abuse of the provision made by the Act.
- Audit Committee recommended that management should improve on planning to ensure that a fair process is followed when procuring goods and services and avoid deviations. Internal Audit to review the application of this recommendation during 2019/2020 financial year and report back to the committee.
- There were no critical issues noted around the IT services within the Municipality and that there is a reasonable assurance that objectives will be met. The committee also noted that the contract of BCX was terminated and a new service provider was appointed. This is one of the contracts that were leading to Irregular Expenditure due to multiple extension

of contracts. It is commendable that the Municipality is dealing with the issues around contract management especially the contracts that were previously reported as irregular expenditure.

- Irregular expenditure due to non-compliance to SCM processes was noted during the year. This was mainly from the multiple extension of contracts which is an ongoing issue. There was a significant decrease on irregular expenditure incurred due to current non-compliance however the increase on deviations defeats the efforts of management in ensuring compliance with SCM policy and regulations.
- Fruitless and Wasteful expenditure was incurred due to late payment of the service providers caused by financial constraints within the Municipality.
- The issue of records management was noted as a critical issue that poses a high risk to the Municipality such as missing SCM and other documents, critical documents not signed.
- Audit Committee recommended that a records management system be implemented to improve the management of critical records, especially those of SCM.
- In the previous year, Audit Committee recommended the development of the internal control framework. This was not done in the current year and management committed that it will be done in 2018/19 financial year and the progress will be provided to Audit Committee in its quarterly meetings. Internal Audit has assisted in the development of the internal control framework and it was due for finalisation during February 2020. The framework will assist the improvement of the internal control environment and enhance effectiveness thereof.

3.5 Internal Audit Unit

3.5.1 The Committee noted that there is an Internal Audit Charter recommended by the Accounting Officer and approved by the Audit Committee. It was also noted that there was an approved Risk Based Audit Plan recommended by the Accounting Officer and Approved by the Audit Committee.

3.5.2 The Municipality is currently using a co-sourcing model in its establishment of the internal audit unit. There are three (3) internal auditors permanently employed by the Municipality with one intern assigned to the unit. A service provider (Audit and Risk Management Solutions) was appointed during 2017/18 financial year to augment the Internal Audit capacity.

3.5.3 Management previously reported that filling of the vacant positions was not practical due to amalgamation processes. Since the amalgamation process was finalised during this financial year, the Committee recommends that the internal staff be appointed to build sustainability, internal capacity and also avoid over reliance on service providers.

3.5.4 The Audit Committee also noted in the previous and current year that Internal Audit has a responsibility to assist MPAC in fulfilling its responsibilities. As such much work is done by Internal Audit to address the requests from MPAC. It was also noted that from time to time Council and Executive Management will request Internal Audit to perform such other duties as investigation and other ad-hoc audits.

3.5.5 The Committee has a responsibility to monitor the plan of the Internal Audit to ensure it is effectively implemented. During the year 2019/2020 financial year it was noted that Internal Audit executed its plan in totality. All planned audits were performed and reported to the Audit Committee. Whilst all audits were performed by the internal audit, the committee noted the following:

- Audits were not always done and reported on time. This pose a risk of not reporting the issues prior to the materialization of a risk. This was due to internal audit staff performing other ad-hoc and investigations other than the planned audits. It is also due to management's non-availability for the audits and provision of the required information for audit purpose.
- The audits were performed in high risk areas in line with the principle of risk based audit, however some audits were not covering areas that were not reported or presented to the Internal Audit. Internal Audit should not only focus on what is reported by management but also include the areas that were not reported or presented to them. The risk based approach by the Internal Audit should be

proactive than retrospective. This is based on the fact that Internal Audit audited all deviations from SCM processes on quarterly basis as per the quarterly reports submitted to them by management.

- Internal audit also audited the contracts awarded through normal SCM process however, Internal Audit did not audit contracts awarded through regulation 32. Although these were not reported or presented on quarterly reports to Audit Committee and Internal Audit. Internal Audit should have procedures to audit such matters that are not reported.
- The Audit Committee noted that the recommendations of the Internal Audit were not always implemented by management. This was evident by the number of repeat findings as reported on quarterly audits.
- Internal Audit is an important governing structure within the organization and not only audit committee relies on its work, but also MPAC and other section 79 committee rely on the assurance provided by the Internal Audit. It is therefore recommended that Internal Audit should be prioritized with all resources it requires in terms of internal staff, hours allocated to the service provider and tools of trade such as lap tops. This will assist in ensuring the effectiveness of the unit.

3.6 Risk Management

3.6.1 Risk management framework was presented to the audit committee on a continuous basis and the committee noted that there are controls to ensure that risk is identified, assessed and managed. However there is a general concern on the manner in which risks identified are being managed by individual departments and reported back to the audit committee and Council.

3.6.1 There is no report back to Audit Committee and Council that indicates the controls taken by management to treat and manage these risks.

- 3.6.2 Audit Committee recommended that unacceptable risks be managed and a report be submitted on continuous basis to both Council and Audit Committee reporting on the controls implemented to manage unacceptable risk and the controls effectiveness.

3.7 GOVERNANCE

- 3.7.1 Audit committee noted that there are functional structures within the municipality as expected and stipulated by the municipal structures act and that is commendable of the municipality.
- 3.7.1 Internal audit conducted Corporate Governance Audit as part of the 2018/2019 risk based audit plan. The report of the Internal Audit indicated that, the structures are functioning as required and that is commendable.
- 3.7.2 Although committees or structures were functioning, their reporting to Council was lacking due to capacity for secretarial. This was since corrected and the reports of section 79 committees were being developed and find expression at Council level.
- 3.7.3 There was a recommendation for the establishment of section 80 clusters for more effeteness of the governing structures.

3.8 AUDITOR GENERAL REPORT

The Audit Committee noted the findings raised by Auditor General and resolved that the remedial action plan to address the audit findings be a standing item on the General Manager's forum. The plan to be also a standing item on the Audit Committee meetings to ensure that the progress made is being monitored.

We reiterate on the disappointment that in the 2018/19 financial year the financial audit outcome of the city has regressed from an unqualified opinion to a qualified opinion as a result of internal control deficiencies resulting material uncertainties on the adequacy of systems in place to maintain records of cash and cash equivalents and as a result the AG (SA) Could not confirm the cash and cash equivalents by alternative means.

We believe that with strict adherence to controls and review procedures, this material finding that had led to a qualification in this financial year can be corrected going forward and steer a way back to an unqualified opinion and ultimately the “clean” administration we continue to strive for.

However, we should caution that all findings by the AG (SA) should be attended to on an urgent basis to avoid any qualification on other matters other than the issues which has raised a qualification in this year.

3.9 Audit Committee resolutions taken during 2018/2019 financial year

The table below indicates the audit committee resolutions taken during the year, those resolved and those not resolved:

No.	Description	Status
1	The acting Municipal Manager should consider instituting disciplinary measures against General Managers who did not submit POE'S	Not resolved
2	The accounting officer should appoint the Chief audit executive. The unit has been led by the acting CAE for more than 3 years now and this creates instability within the unit.	Resolved
3	The accounting officer should appoint a panel of service providers who will provide catering, transport, training, maintenance etc. to reduce the bulk of deviations.	Not resolved
4	The Corporate Services Department to submit a report pertaining to the progress on consequence management with regards to completed disciplinary cases which involved irregular expenditure.	Resolved
5	Internal Audit to embark on a project to develop the internal control framework for the organisation, prioritising critical financial controls and service delivery departments	Partially resolved
6	Development of revenue enhancement plan or aligning the financial recovery plan to the revenue enhancement strategy and continuous monitoring.	Not resolved
7	Development and review of technical indicator descriptions to endure that the defined KPIs meet SMART criteria	Not resolved
8.	Internal Audit should verify the implementation of Revenue Enhancement Strategy to ascertain the gains made from implementing the strategy.	Not resolved

No.	Description	Status
9	Deviations that were incorrectly categorised as irregular expenditure be corrected before the preparation of the financial statements Irregular expenditure that was incorrectly categorised as deviations be corrected before the preparation of the AFS.	Resolved
10	Management to develop and implement a plan that will assist in reducing overtime that is incurred by the municipality, especially community services department that is incurring more overtime.	Not resolved
11	Contract management should be enhanced to ensure that contracts are signed timeously when an award is made; contracts are continuously monitored for performance and budget spend, contracts are terminated when they come to an end, advertised and new appointments are made.	Not resolved
12	Audit committee believes that BCX contract can be terminated and a new service provider can be appointed to provide the services currently provided by BCX without tempering business continuity. A resolution was taken that the tender must be advertised for the services currently provided by BCX, if BCX wins the tender then it be appointed on new contract, new SLA and new price. This will assist in dealing with irregular expenditure.	Resolved

No.	Description	Status
13	Management should procure a document management system to assist managing critical documents such as tenders, payment vouchers, etc.	Not resolved

4 Overall Recommendations

4.1 Management should closely monitor AG implementation plan to address the issues raised in 2018/19 financial year. This must form part of the GMs performance agreement and plans.

4.2 Improved controls for reporting performance information and documenting evidence Portfolio of Evidence (POEs). This can be done by exploring the possibility of establishing an interdepartmental quarterly forum for interdependent projects, to allow departments to share projects progress and their associated challenges. This should be from project inception right through to the project completion

4.3 Consequence Management to be instituted for Managers who fail to submit Portfolio of Evidence to support claims of targets achieved.

4.4 Critical positions be filled especially those affecting service delivery and compliance. This could assist in establishing a pool of projects, within the same category, that could easily be fast-tracked.

4.5 Council to develop a tactical plan for revenue enhancement that will assist in monitoring the revenue enhancement strategy. This plan should be included in each GMs performance agreement and plans.

4.6 On increasing revenue collection, management can consider adopting Eskom's approach of reducing the allowable Invoice settling period to 15(fifteen) days. This approach can also be extended to the Rates and Taxes, especially as the monthly billed amounts are constant, unless otherwise regulated.

- 4.7 Council to monitor Fruitless and wasteful expenditure incurred through Eskom interest and charges and devise a plan to reduce such. Unauthorized, irregular, fruitless and wasteful expenditure are unacceptable risks and Council should get regular feedback on the control measures implemented and their effectiveness.
- 4.8 Credit control and debt collection strategy should be improved and strictly enforced in order to enhance cash flow and therefore be able to meet all the interest attracting short term obligations.
- 4.9 Council should prioritize expenditure of conditional grants in its plans to avoid returning money to National Treasury.
- 4.10 Audit Committee note with concern poor performance of the Infrastructure linked Departments with dire consequence to service delivery and recommend the Office of the City Manager to strictly monitor these Departments performance
- 4.11 A War Room be established to manage Grant Funding and critical projects- a criteria to list critical projects to be developed by the Office of the Municipal Manager in liaison with the office of the Executive Mayor.
- 4.12 Risk Identification and impact of Mitigation Strategies to be taken into account during budgeting and compacting on project performance (KPI's).
- 4.13 On projects, It is recommended that Council use ITD (Inception-To-Date) figures, for the sake of consistency and ease of interpretation across all projects.
- 4.14 That there be an improvement plan be crafted on a turnaround strategy to ensure movement from a qualified audit opinion to an unqualified audit opinion

5. Acknowledgements

- 5.1 The Audit Committee would like to thank the City of Mbombela Municipality, especially the Honourable Council members and the Municipal Manager Mr. W. Khumalo, Deputy Municipal Managers and General Managers for establishing the Committee and ensuring that the Committee meets at least once a quarter to execute its oversight role over the Municipality's

operations with a view of contributing to the achievement of Council objectives. We also thank all members of the City who played a vital role in ensuring smooth operation and effectiveness of the Audit Committee.

5.2 It is the belief of the AC that real leaders have challenges and inherent weaknesses from which each have to grow. as Virginia Burden would say *“Cooperation is the thorough conviction that nobody can get there unless everybody gets there”* The Audit committee is still committed to ensuring that Mbombela City achieves all the plans they have set out to do in the good interest of all who reside in Mbombela.



MS TH MBATHA CA (SA)

CHAIRPERSON OF THE AUDIT COMMITTEE

DATE: 20 JANUARY 2020

Appendix H: Long term Contracts and Public Private Partnership

Concession Arrangement

The former Mbombela Local Municipality (combining entity) signed a 30 year concession agreement in April 1999 with SembCorp Silulumanzi (Proprietary) Limited previously known as the Greater Nelspruit Utility Company (GNUC) for provision of water and sanitation services as well as servicing the growing expectations of the communities on behalf of the municipality. The concession agreement became effective from 1 November 1999 and is subjected to review every five years through the supplementary agreements. The concession areas boundaries are the municipal boundaries of the previous Nelspruit Transitional Council and any extension of services outside the developed areas are dealt with on a case by case basis.

Supplementary agreement number four (4) was concluded during 2014/2015 financial year and it became effective 1 November 2014 until 31 October 2019 in accordance with five year period review process.

The Concessionaire is obligated to ensure that the communities within the concession area have access to a 24 - hour water supply to all formal households and to use best efforts to improve the number of households in informal areas with 24 – hour water supply. It is also a requirement that the Concessionaire must provide portable water and effluent quality in compliance with the National Water Quality Standards.

The concessionaire leases and operates water services delivery assets within the concession area at a rental of R 189 666.25 per month for the remainder of the term of the Concession agreement. The assets are controlled by the Municipality and are recorded in the assets register of the Municipality as Property, Plant and Equipment. The Concessionaire recognises the right to use those assets as intangible assets in accordance with the applicable accounting standards.

The concession agreements provides for the concessionaire to maintain, refurbish, rehabilitate and improve the assets within its operations and collection of water and sanitation revenue within the Concession area. The water and sanitation tariffs for the Concessionaire are approved by Council for implementation in terms of section 24 of the Municipal Finance Management Act No.56 of 2003. The concessionaire acts as a project manager for construction of new

infrastructure within the concession area which is funded by the Municipality. The Concessionaire is obligated to ensure that the assets are adequately maintained each year.

The concession agreement may be terminated by either party with effect from any date after the natural end of the concession contract in the year 2029 or the date of termination of the concession agreement, whichever is earlier, provided that least 24 months prior written notice has been given by the party intending to cancel the concession agreement to the other party. All assets operated by the Concessionaire will be transferred back to the Municipality in a good condition on termination of the concession agreement.

Appendix I: Municipal Entity/Service Provider Performance Schedule



CITY OF MBOMBELA DEVELOPMENT AGENCY 2018/19 ANNUAL REPORT

LIST OF PLANNED PROJECTS FOR THE FINANCIAL YEAR

1. Construction and implementation of a **Meat Processing Centre** in the City of Mbombela.
2. Construction and implementation of an **Agro-processing Centre** in the City of Mbombela.
3. Construction and implementation of a **Shopping Centre or Mall** in the City of Mbombela.
4. Construction and implementation of a **Film Academy or Film City** in the City of Mbombela.
5. Construction and implementation of a **Transit node or Motor City** in the City of Mbombela.
6. Construction and implementation of a **Hotel** in the City of Mbombela.
7. Facilitation, Construction and co-management of an **Industrial Park** in the City of Mbombela.
8. Investigate, implement and co-management of different **Energy Projects** in the entire City of Mbombela.

9. Construction and co-management of an **International Convention Centre** in the City Mbombela.
10. Facilitate the **Development of Economic Development Infrastructure** in the City of Mbombela.
11. Facilitate the construction and co-management of **Rocky's Drift Industrial Park** in Rocky's Drift.

These were the planned projects for the 2018/19 financial year however, they were not achieved due to the projects not being advertised. The chairperson had requested for Mr Nkuna to first draft a brochure that would serve as an information package for the investors to know what would be in for them.

The information package has been prepared and the projects will be advertised in the 2019/20 financial year.

The entity held several meeting and advertised two positions (Operations Manager and Administration Manager) in the local newspaper, Lowvelder. The applications closed on the 14th of November 2019.

...tunity is missed by
...people because it
...sed in overalls and
...oks like work.
- Thomas Edison



ARE HIRING Consultant

Winning media house in Mbombela, Mpumalanga is looking for a time sales consultant to join their sales team with the main service clients and grow current sales within the company.

In selling and identifying advertising focuses
try, on both digital and print platforms
its
frikaans and English

ertising opportunities
ation
Creative and innovative thinking
Persistence and result-orientation
Project management
Prepare sales pitches and deliver
presentations of a high standard to clients

is part of a team
e attitude
w appointments or to
n.
reirag@lowvelder.co.za

**laeveld
lowvelder**
media



Title: Operations Manager

Reporting to: Board of Directors

Summary

We are searching for a dynamic and experienced leader to join our company in the role of Operations Manager. The Operations Manager will work closely with the Board of Directors, serving as Interim Managing Director of corporate operations and as the main link between the different divisions within the company. The ideal candidate for this position has previous corporate management experience and a proven track record for effective team management and results-driven leadership.

Requirements

- Post Graduate qualification, preferably in Business Management or equivalent
- Minimum five (5) years' experience in Management Consulting and/or Project Management
- Experience in managing complex projects (i.e. designing projects, management and implementation)
- Excellent communication, leadership and report writing skills
- Excellent computer skills (i.e. MS Office and Project Management Tools)

Job Description & Responsibilities

- Develop high quality business strategies and plans ensuring their alignment with short-term and long-term objectives
- Oversee the development and implementation of all projects
- Oversee all operations and business activities to ensure they produce the desired results and are consistent with the overall strategy and mission
- Make high-quality investing decisions to advance the business and increase profits
- Enforce adherence to legal guidelines and in-house policies to maintain the company's legality and business ethics
- Review financial and non-financial reports to devise solutions or improvements
- Build trust relations with key partners and stakeholders and act as a point of contact for important shareholders
- Analyze problematic situations and occurrences and provide solutions to ensure company survival and growth
- Maintain a deep knowledge of the markets and industry of the company

Period: 6 months with an option to renew

Package/Salary: Negotiable

Title: Administration Manager

Reporting to: Operations Manager

Summary

We are searching for a dynamic and experienced leader to join our company in the role of Administration Manager. The Administration Manager will work closely with the Operations Manager, serving as Interim Financial and Corporate Services Manager for the company. The ideal candidate for this position has previous administration and financial management experience.

Requirements

- Bachelor's Degree in Finance or equivalent
- Minimum of three (3) years administration experience
- Minimum of three (3) years in financial management and reporting

Job Description and Responsibilities

- The Finance and Administration Manager both oversee the company's financial operations and reporting
- Conducts administrative tasks such as communication with clients, stakeholders and engage in personnel decisions
- Exercise administration control over many aspects of the financial operations of the company, including budgeting, payroll/human resources and business planning
- Ensure that all records across financial departments are accurate
- Plan, direct or co-ordinate administrative services of the company, such as records and information management, mail distribution, facilities planning and maintenance, custodian operations and other office support services
- Process income and expenditure, purchase goods and services and undertake a range of financial reporting and administrative tasks

Period: 6 months with an option to renew

Package/Salary: Negotiable

All CV's should be emailed to admin@comida.co.za

For further information kindly contact Mr. Lindelani Shesi on: lindelani@comida.co.za

Closing date for applications: 14 November 2019

Appendix J: Disclosure of Financial Interest

Position	Names	Submitted, Yes or No/ Nil
Executive Mayor		The General Manager in the Office of Council / Speaker's Office coordinated the signing of disclosures of financial interests by all 90 councillors including the Executive Mayor and members of Mayoral Committee. Yes all councillors have signed
Members of MayCo/ Execo.		
Councillors		
Municipal Manager	Mr N Diamond	Yes
Chief Financial Officer	Mr WJ Khumalo	Yes
Deputy MM & Executive Directors/ S 57 Officials	Mr SR Mhlongo	Yes
	Mr DP Msibi	Yes
	Mr CM Makhaya	Yes
	Mr J Ngobeni	Yes
	Mr XT Mabila	Yes
	Dr D Ndlovu	Yes
	Mr ME Nkosi	Yes
	Ms MB Thumbathi	Yes
	Mr DD Mabuza	Yes
	Mr AWJ Landsberg	Yes

Appendix K: Revenue Collection Performance

Appendix K (i): Revenue Collection Performance by Vote

Budgeted Financial Performance (revenue by municipal vote)											
Description	Original Budget	Budget Adjustments (i.t.o.s28 and s31 of the MFMA)	Final Adjustment Budget	Shifting of funds (i.t.o.s31 of the MFMA)	Virement (i.t.o Council approved policy)	Final Budget	Actual outcome	Unauthorised Expenditure	Variance of actual outcome against Final Budget	Actual outcome as a % of Final Budget	Actual outcome as a % of Original Budget
Revenue by Vote											
Council	5,409	-	5,409	-	-	5,409	-1,742	-	-7,151	-32%	-32%
Office of the Council	593,686	-	593,686		-	593,686	-	-	-593,686		
Strategi Management	-	-	-	-	-	-	-	-	-	0%	0%
Municipal Manager	4,223,004	-1,000,000	3,223,004	-	-	3,223,004	8,149,776	-	4,926,772	253%	193%
Financial Management	1,320,502,733	10,055,000	1,330,557,733	-	-	1,330,557,733	1,434,999,818	-	104,442,085	108%	109%
Legal Service	-	-	-	-	-	-	-	-	-		
Regional Centre coordinator	-	-	-	-	-	-	-	-	-		
Corporate Services	598,460	-	598,460	-	-	598,460	659,140	-	60,680	110%	110%
Public Works and Trasport	573,969,001	67,421,695	641,390,696	-	-	641,390,696	537,807,519	-	-103,583,177	84%	94%
Energy	975,888,746	20,000,000	995,888,746	-	-	995,888,746	1,027,125,680	-	31,236,934	103%	105%
Water and Sanitation	126,477,005	1,000,000	127,477,005	-	-	127,477,005	120,717,976	-	-6,759,029	95%	95%
Community Services	120,704,366	1,000,000	121,704,366	-	-	121,704,366	130,990,244	-	9,285,878	108%	109%
Public Safety	206,929,529	-11,000,000	195,929,529	-	-	195,929,529	54,166,421	-	-141,763,108	28%	26%
City Planning	7,591,422	15,000,000	22,591,422	-	-	22,591,422	11,848,559	-	-10,742,863	10%	156%
Total Revenue by vote	3,337,483,361	102,476,695	3,439,960,056	-	-	3,439,960,056	3,326,463,390	-	-113,496,666		

Appendix K (ii): Revenue Collection Performance by Source

BUDGETED FINANCIAL PERFORMANCE (REVENUE BY SOURCE) FOR THE YEAR ENDED 30 JUNE 2019											
2018/2019											
Description	Original Budget	Budget Adjustments (i.t.o.s28 and s31 of the MFMA)	Final Adjustments budget	Shifting of funds (i.t.o.s31 of the MFMA)	Virement (i.t.o Council approved policy)	Final Budget	Actual Outcome	Unauthorised expenditure	Variance of actual outcome against Final Budget	Actual outcome as a % of Final Budget	Actual outcome as a % of Original Budget
	R	R	R	R	R	R	R	R	R	R	R
Revenue By Source											
Property rates	602,531,007	4,000,000	606,531,007	-	-	606,531,007	631,259,690	24,728,683	24,728,683	104%	105%
Property rates - penalties & collection	-	-	-	-	-	-	-	-	-		
Service charges - electricity revenue	944,851,544	20,000,000	964,851,544	-	-	964,851,544	995,105,522	30,253,978	30,253,978	103%	105%
Service charges - water revenue	97,757,506	3,000,000	100,757,506	-	-	100,757,506	103,692,358	2,934,852	2,934,852	103%	106%
Service charges - sanitation revenue	28,674,591	(2,000,000)	26,674,591	-	-	26,674,591	21,873,267	(4,801,324)	(4,801,324)	82%	76%
Service charges - refuse revenue	107,241,388	5,000,000	112,241,388	-	-	112,241,388	121,156,937	8,915,549	8,915,549	108%	113%
Service charges - other	-	-	-	-	-	-	-	-	-	0%	0%
Rental of facilities and equipment	12,694,277	(5,000,000)	7,694,277	-	-	7,694,277	11,677,190	3,982,913	3,982,913	152%	92%
Interest earned - external investments	1,740,335	4,000,000	5,740,335	-	-	5,740,335	7,382,508	1,642,173	21,288,130	471%	1553%
Interest earned - outstanding debtors	28,858,945	(4,000,000)	24,858,945	-	-	24,858,945	27,028,465	2,169,520	(24,858,945)	0%	0%
Dividends received	-	-	-	-	-	-	-	-	-	0%	0%
Fines	8,362,930	(1,000,000)	7,362,930	-	-	7,362,930	10,413,626	3,050,696	3,050,696	141%	125%
Licences and permits	-	-	-	-	-	-	-	-	-	#DIV/0!	#DIV/0!
Agency services	198,142,903	(10,000,000)	188,142,903	-	-	188,142,903	45,577,880	(142,565,023)	(142,565,023)	24%	23%
Transfers recognised - operational	741,060,700	1,055,000	742,115,700	-	-	755,115,699	1,226,255,990	471,140,291	471,140,291	162%	165%
Other revenue	28,574,934	20,000,000	48,574,934	-	-	48,574,934	128,393,491	79,818,557	79,818,557	264%	449%
Gains on disposal of PPE	-	-	-	-	-	-	-	-	-		#DIV/0!
Total Revenue (excluding capital transfers and contributions)	2,800,491,060	35,055,000	2,835,546,060	-	-	2,848,546,059	3,329,816,923	481,270,864	481,270,864	117%	119%

Appendix L: Conditional Grants Received: Excluding MIG

2018/2019											
MP326: CITY OF MBOMBELA - GOVERNMENT GRANTS & SUBSIDIES REGISTER											
CITY OF MBOMBELA	2017/18	2018/19	2018/19	2018/19	2018/19	2018/19	2018/19	2018/19	2018/19	2018/19	2018/19
MP326:	Unspent Balances	Initial DORA Allocation	Adjustment	Unspent 2017/18	Adjusted	Grants	Balance not	%	Actual	%	Balance
GOVERNMENT GRANTS &		R'000	Gaz. No. 42166	Reccuped by NT	Allocation	Received	Received	Received	Expenditure	Spent	Unspent
SUBSIDIES - ALLOCATIONS	A	B	D	E	F	G	H	I	J	K	L
Finance Management Grant	-R 0	R 3,470,000	R -	R -	R 3,470,000	R 3,470,000	R -	R 100	R 3,469,721	R 100	R 279
Municipal Systems Improvement Grant	R 9,216	R -	R 1,055,000	R 9,216	R 1,055,000	R 1,055,000	R -	R -	R 1,032,980	R -	R 22,020
Intergrated National Electrification Programme	R 1,128,857	R 31,045,000	R -	R 1,128,856	R 31,045,000	R 31,045,000	R -	R 100	R 31,045,000	R 100	R 0
Energy Efficiency Demand Side Management	R 213,559	R -	R -	R 213,559	R -	R -	R -	R -	R -	R -	R 0
Neighbourhood Partnership Grant	R 0	R 33,535,000	R -	R -	R 33,535,000	R 33,535,000	R -	R 100	R 33,535,000	R 100	R 0
Public Transport Network Grant	R 63,677,144	R 203,454,000	R -	R 6,222,025	R 203,454,000	R 203,454,000	R -	R 100	R 159,047,842	R 78	R 101,861,278
Expanded PWP Grant	R 1,063,539	R 8,240,000	R -	R 1,063,540	R 8,240,000	R 8,240,000	R -	R 100	R 8,239,999	R 100	R -
Disaster Relief Grant	R 86,833	R -	R -	R 86,833	R -	R 222	R -	R -	R -	R -	R 222
National Lottery	R 4,500,847	R -	R -	R 4,501,091	R -	R 244	R -	R -	R -	R -	R 0
Taxi Disaster	R 28,949	R -	R -	R -	R -	R 379	R -	R -	R -	R -	R 29,327
TOTAL	R 153,208,827	R 1,278,053,000	R 1,055,000	R 95,725,003	R 1,279,108,000	R 1,279,108,845	R -	R 100	R 1,234,679,542	R 97	R 101,913,127

Appendix M: Capital Expenditure – New & Upgrade/ Renewal Programmes: Including MIG

Appendix M (i): Capital Expenditure – New Assets Programme

Description	2018/2019 Original Budget	2018/2019 Adjusted Budget	2018/2019 Actual Capital Expenditure
Capital expenditure on new assets by Asset Class/Sub-class			
Infrastructure	R 375,580,537	R 403,226,116	R 285,076,305
Roads Infrastructure	R 196,494,137	R 234,460,187	R 146,572,689
Roads	R 159,022,543	R 198,883,942	R 135,561,899
Road Structures	R 26,645,800	R 6,543,843	R 5,013,913
Road Furniture	R 10,825,794	R 29,032,402	R 5,996,878
Capital Spares	R -	R -	R -
Storm water Infrastructure	R 17,083,333	R 31,268,960	R 24,981,662
Drainage Collection	R 17,083,333	R 31,268,960	R 24,981,662
Storm water Conveyance			
Attenuation			
Electrical Infrastructure	R 37,947,964	R 40,347,964	R 27,821,836
Power Plants			
HV Substations	R 4,500,000	R 5,600,000	R 2,222,806
HV Switching Station	R 5,000,000	R 5,000,000	R 4,462,044
HV Transmission Conductors	R 5,000,000	R 483,696	R 483,695
MV Substations	R -	R -	R -
MV Switching Stations	R -	R 100,000	R -
MV Networks	R -	R 400,000	R -
LV Networks	R 21,447,964	R 25,264,268	R 20,653,291
Capital Spares	R 2,000,000	R 3,500,000	R -
Water Supply Infrastructure	R 90,009,105	R 63,066,106	R 58,219,819
Dams and Weirs	R -	R -	R -
Boreholes	R 13,000,000	R 12,570,000	R 1,158,074
Reservoirs	R 2,000,000	R 2,000,000	R 1,999,374
Pump Stations	R -	R -	R -
Water Treatment Works	R 27,940,002	R 15,940,002	R 14,648,466
Bulk Mains	R 13,680,000	R -	R -
Distribution	R 33,139,103	R 28,106,104	R 36,995,304
Distribution Points	R -	R 4,400,000	R 3,394,190
PRV Stations			
Capital Spares	R 250,000	R 50,000	R 24,411
Sanitation Infrastructure	R 34,045,998	R 26,245,998	R 20,189,479
Pump Station	R -	R -	R -
Reticulation	R 22,200,000	R 14,200,000	R 12,714,151
Waste Water Treatment Works	R -	R -	R -
Outfall Sewers	R 11,845,998	R 11,045,998	R 7,100,928
Toilet Facilities	R -	R 1,000,000	R 374,400
Capital Spares			
Solid Waste Infrastructure	R -	R 7,336,901	R 7,290,819
Landfill Sites	R -	R -	R -
Waste Transfer Stations	R -	R 7,336,901	R 7,290,819
Information and Communication Infrastructure	R -	R 500,000	R -
Data Centres			
Core Layers	R -	R 500,000	R -
Distribution Layers			
Capital Spares			

Community Assets	R	57,112,534	R	43,181,250	R	23,873,242
Halls	R	25,750,000	R	19,645,640	R	13,265,533
Centres	R	7,604,885	R	1,600,000	R	746,170
Libraries	R	-	R	167,200	R	144,422
Cemeteries/Crematoria	R	-	R	-	R	-
Police	R	-	R	9,175,099	R	8,179,012
Parks						
Public Open Space	R	1,500,000	R	500,000	R	422,440
Nature Reserves						
Public Ablution Facilities						
Markets	R	1,000,000	R	-	R	-
Stalls	R	3,000,000	R	-	R	-
Abattoirs						
Airports						
Taxi Ranks/Bus Terminals	R	18,257,649	R	11,293,311	R	1,065,096
Capital Spares						
Sport and Recreation Facilities	R	-	R	800,000	R	50,570
Indoor Facilities	R	-	R	-	R	-
Outdoor Facilities						
Capital Spares	R	-	R	800,000	R	50,570
Other assets	R	-	R	1,225,000	R	427,318
Operational Buildings	R	-	R	1,225,000	R	427,318
Municipal Offices	R	-	R	1,200,000	R	404,305
Laboratories	R	-	R	25,000	R	23,013
Intangible Assets	R	-	R	3,650,300	R	620,056
Servitudes						
Licences and Rights	R	-	R	3,650,300	R	620,056
Water Rights						
Effluent Licenses						
Solid Waste Licenses	R	-	R	-	R	-
Computer Software and Applications	R	-	R	3,650,300	R	620,056
Load Settlement Software Applications						
Unspecified	R	-	R	-	R	-
Computer Equipment	R	-	R	3,329,749	R	1,162,955
Computer Equipment	R	-	R	3,329,749	R	1,162,955
Furniture and Office Equipment	R	-	R	2,256,132	R	1,978,752
Furniture and Office Equipment	R	-	R	2,256,132	R	1,978,752
Machinery and Equipment	R	-	R	891,564	R	875,529
Machinery and Equipment	R	-	R	891,564	R	875,529
Transport Assets	R	1,500,000	R	3,500,000	R	-
Transport Assets	R	1,500,000	R	3,500,000	R	-
Total Capital Expenditure on new assets	R	434,193,071	R	461,260,111	R	314,014,156

Appendix M (ii): Capital Expenditure – Upgrade/Renewal Programme

Description	2018/2019 Original Budget	2018/2019 Adjusted Budget	2018/2019 Actual Capital Expenditure
Capital expenditure on upgrading of existing assets by Asset Class/Sub-class			
Infrastructure	R 142,612,089	R 191,100,644	R 158,543,651
Roads Infrastructure	R 68,946,169	R 127,830,699	R 98,831,724
<i>Roads</i>	R 35,411,169	R 74,295,699	R 50,882,672
<i>Road Structures</i>	R 33,535,000	R 38,535,000	R 33,534,352
<i>Road Furniture</i>	R -	R 15,000,000	R 14,414,699
<i>Capital Spares</i>			
Storm water Infrastructure	R -	R -	R -
<i>Drainage Collection</i>	R -	R -	R -
<i>Storm water Conveyance</i>			
<i>Attenuation</i>			
Electrical Infrastructure	R -	R 650,000	R -
<i>Power Plants</i>	R -	R -	R -
<i>HV Substations</i>	R -	R 650,000	R -
<i>HV Switching Station</i>			
Water Supply Infrastructure	R 67,165,920	R 55,619,945	R 54,267,221
<i>Dams and Weirs</i>	R -	R -	R -
<i>Boreholes</i>			
<i>Reservoirs</i>	R -	R -	R -
<i>Pump Stations</i>			
<i>Water Treatment Works</i>	R 2,000,000	R 1,904,025	R 1,904,025
<i>Bulk Mains</i>	R 50,000,000	R 49,550,000	R 49,150,940
<i>Distribution</i>	R 15,165,920	R 4,165,920	R 3,212,256
<i>Distribution Points</i>			
<i>PRV Stations</i>			
<i>Capital Spares</i>			
Sanitation Infrastructure	R 6,500,000	R 7,000,000	R 5,444,706
<i>Pump Station</i>	R -	R 500,000	R -
<i>Reticulation</i>	R -	R -	R -
<i>Waste Water Treatment Works</i>	R -	R -	R -
<i>Outfall Sewers</i>	R 6,500,000	R 6,500,000	R 5,444,706
<i>Toilet Facilities</i>			
Community Assets	R 9,756,667	R 8,516,667	R 5,105,754
Community Facilities	R 9,756,667	R 8,516,667	R 5,105,754
<i>Public Ablution Facilities</i>	R 9,756,667	R 5,516,667	R 5,105,754
<i>Markets</i>			
<i>Stalls</i>			
<i>Abattoirs</i>			
<i>Airports</i>			
<i>Taxi Ranks/Bus Terminals</i>	R -	R 3,000,000	R -
Other assets	R -	R 2,278,052	R -
Operational Buildings	R -	R 2,278,052	R -
<i>Municipal Offices</i>	R -	R -	R -
<i>Pay/Enquiry Points</i>	R -	R -	R -
<i>Building Plan Offices</i>			
<i>Workshops</i>	R -	R 2,278,052	R -
Total Capital Expenditure on upgrading of existing assets	R 152,368,756	R 201,895,363	R 163,649,405

Appendix N: Capital Programme by Project current year

Refer to Chapter 3 of the service delivery performance report.

Appendix O: Capital Programme by project by Ward current year

Refer to Chapter 3 of the service delivery performance report.

Appendix P: Service Connection Backlogs at Schools and Clinics

Schools and Clinics fall under the Provincial competency and they are handled by the Provincial departments, i.e. Education, Health and Social Development.

However, the municipality is only responsible to provide services like, water, sanitation, electricity and roads and the municipality is providing those services.

Appendix Q: Service Backlogs Experienced by the Community where another Sphere of Government is Responsible for Service Provision

None.

Appendix R: Declaration of Loans and Grants Made by the Municipality

There no loans and grants from the City of Mbombela paid to any organisation or person.

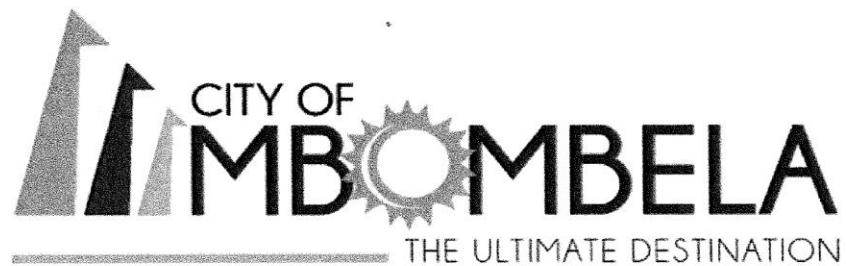
Appendix S: Declaration of Returns not Made in due Time under MFMA s71

Section 71 returns were all sent on time during the 2018/19 period to National Treasury Database.

Appendix T: National and Provincial Outcome for local government

All the municipal powers and functions are covered under Appendix D: (i) Functions of Municipality and Chapter 3 of this report.

Volume II: Annual Financial Statements



City of Mbombela
Audited Consolidated Annual Financial Statements
for the year ended 30 June 2019

City of Mbombela

(Registration number MP326)

Audited Consolidated Annual Financial Statements for the year ended 30 June 2019

General Information

Nature of business and principal activities

The City of Mbombela was established as a Category B municipality as determined by the Demarcation Board in terms of Section 4 of the Municipal Demarcation Act and the Provincial Gazette No 2721. The principal activities of the City are to provide services to communities in a sustainable manner, promoting social and economic development and encouraging the involvement of communities and community organizations in the matters of local government in accordance with Section 152 of the Constitution.

Members of the Mayoral committee (MMC) and their portfolios

Cllr GS Siwela (Speaker)
Cllr ME Nsimbini (Chief Whip)
Cllr SP Mathonsi (executive Mayor)

Cllr BN Mdhuli (MMC City Planning and Development)
Cllr AS Mthunywa (MMC Corporate Services)
Cllr PP Nyalunga (MMC Public Safety)
Cllr PV Mashego (MMC Energy)
Cllr C Maseko (MMC Public Works, Roads and Transport and Leader of Government Business)
Cllr LE Nyalunga (MMC Strategic Management Services)
Cllr NE Gecelo - Mkhabela (MMC Financial Management)
Cllr A Kumba (MMC Regional Centre Coordination)
Cllr A Kumba (Acting MMC Water and Sanitation)
Cllr MM Mlimi (MMC Community Services)

Councillor	Ward	Councillor	Ward
Cllr EA Fakomo	1	Cllr MC Mhlanga	25
Cllr GS Siwela	2	Cllr TM Bulunga	26
Cllr DJ Nkosi	3	Cllr DB Nkosi	27
Cllr DD Ngwenyama	4	Cllr SR Masuku	28
Cllr MJ Malomane	5	Cllr TK Nyathi	29
Cllr HB Fakude	6	Cllr BA Nyalunga	30
Cllr SM Banda	7	Cllr KG Ndhlovu	31
Cllr SE Mbuyane	8	Cllr EK Manzini	32
Cllr EM Sebashe	9	Cllr RF Mgwanya	33
Cllr DDT Ngobe	10	Cllr RQ Seepsop	34
Cllr EM Mutobvu	11	Cllr RQ Molemo	35
Cllr BP Nkhoma	12	Cllr JJ Khoza	36
Cllr A Thabethe	13	Cllr NM Maganga	37
Cllr KM MKhonto	14	Cllr ST Masha	38
Cllr T Marshall	15	Cllr SI Mokoena	39
Cllr KA Oliver	16	Cllr LM Sikonela	40
Cllr S Van Der Merwe	17	Cllr LM Bhembe	41
Cllr JB Mashaba	18	Cllr MC Nkosi	42
Cllr DB Mkhathswa	19	Cllr HL Shongwe	43
Cllr LC Sibiya	20	Cllr JJ Mkhabela	44
Cllr NA Mokoena	21	Cllr LB Nkosi	45
Cllr TM Pila	22		
Cllr ME Mhawule	23		

City of Mbombela

(Registration number MP326)

Audited Consolidated Annual Financial Statements for the year ended 30 June 2019

General Information

Cllr NL Lukhele 24

Proportional Representative Councillors (PR)

Councillor	Ward	Councillor	Ward
Cllr PP Mbowane	1	Cllr BA Nyalunga	25
Cllr MC Mhlana	2	Cllr ME Nsimbini	26
Cllr SR Schorman	3	Cllr AS Mthunywa	27
Cllr LT Mlombo	4	Cllr MJ Hlophe	28
Vacant	5	Cllr JV Mhlaba	29
Cllr K Mdhuli	6	Cllr PV Mashego	30
Cllr JM Mazibane	7	Cllr PCW Minaar	31
Vacant	8	Cllr MG Moyana	32
Cllr MM Mlimi	9	Cllr GM Nkambule	33
Cllr EN Sibambo	10	Cllr FS Nkosi	34
Cllr M Mbewe	11	Cllr LM Shongwe	35
Cllr HP Celliers	12	Cllr SP Mathonsi	36
Cllr NE Gecelo - Mkhabela	13	Cllr WP Sibiya	37
Cllr BP Mhlana	14	Cllr SE Makushe	38
Cllr EG Janse van Rensburg	15	Cllr L Maseko	39
Cllr MK Matsemela	15	Cllr BN Mdlhuli	40
Cllr GCB Anthony	16	Cllr TG Mabuza	41
Cllr C Maseko	17	Cllr ME Jacobs	42
Cllr TM Charles	18	Cllr A Kumba	43
Cllr LE Nyalunga	19	Cllr MS Mashele	44
Cllr LE Siboza	20	Cllr PV Mkhathshwa	45
Cllr L Ngwenyama	21		
Cllr PP Nyalunga	22		
Cllr GS Siwela	23		
Cllr DE Shongwe	24		

Members of the Board

Mr L Shezi (Chairperson)
Mrs SN Phoshoko
Mr P Nkuna
Ms B Mohlala

Audit and Performance Audit Committee

Mrs TH Mbatha	Chairperson
Ms LWS Ngwenya	Member
Mr SM Ndukuya	Member
Ms SL Lubisi	Member

Municipal Manager

Mr. WJ Khumalo

City of Mbombela

(Registration number MP326)

Audited Consolidated Annual Financial Statements for the year ended 30 June 2019

General Information

Acting Chief Financial Officer	Ms. ZP Malaza
Registered office	Mbombela Civic Centre
Physical address	Civic Centre 1 Nel Street Mbombela 1200
Postal address	P.O. Box 45 Mbombela 1200
Bankers	ABSA BANK Mbombela 2nd Floor, ABSA Square 20 Paul Kruger Street Mbombela 1201
Auditors	Auditor General South Africa - Mpumalanga 10 Nel Street Mbombela 1200

City of Mbombela

(Registration number MP326)

Audited Consolidated Annual Financial Statements for the year ended 30 June 2019

General Information

Telephone number	(013) 759 9111
Fax number	(013) 759 2002
Website address	www.mbombela.gov.za
Enquiries	
Building Plans	(013) 759 2184
Electricity	(013) 759 2231
Water and Sewerage	(013) 759 2580
Customer Care	(013) 759 2025 / 2064
Paypoints	
White River	(013) 751 1176
KaNyamazane	(013) 794 1254
Matsulu	(013) 778 9061
Kabokweni	(013) 796 0227
Hazyview	(013) 737 7346
Mbombela Civic Centre	(013) 759 2025 / 2064
Mbombela - The Grove Riverside	(013) 759 9912 / 9913
Barberton Municipal offices	(013) 712 8800 / 2121
Libraries	
Kabokweni	(013) 796 1082 / 0590
Matsulu	(013) 778 9864 / 9000
Mbombela	(013) 759 2077
Nelsville	(013) 755 4788
White River	(013) 750 9125 / 6039
Victory Park	(013) 759 2089
Hazyview	(013) 737 7220 / 7346
Barberton - Town Library	(013) 712 8800
Barberton - Emjindini Library	(013) 712 8800

City of Mbombela

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Audited Consolidated Annual Financial Statements for the year ended 30 June 2019

Index

The reports and statements set out below comprise the audited consolidated annual financial statements for the year ended 30 June 2019:

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The following supplementary information does not form part of the audited consolidated annual financial statements and is unaudited:	
Appendixes:	
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City of Mbombela

(Registration number MP326)

Audited Consolidated Annual Financial Statements for the year ended 30 June 2019

Index

DBSA	Development Bank of Southern Africa
DME	Department of Minerals and Energy
DWS	Department of Water and Sanitation
EPWP	Expanded Public Works Programme
FMG	Finance Management Grant
GRAP	Generally Recognised Accounting Practice
INEP	Integrated National Electrification Programme
MFMA	Municipal Finance Management Act No 56 of 2003
MIG	Municipal Infrastructure Grant
MSIG	Municipal System Improvement Grant
PAYE	Pay As You Earn
PR Councillor	Proportional Representative Councillor
PTNG	Public Transport Network Grant
R	Rand
SARS	South African Revenue Services

City of Mbombela

(Registration number MP326)

Audited Consolidated Annual Financial Statements for the year ended 30 June 2019

Approval and certification of Annual Financial Statements

I am responsible for the preparation of these audited consolidated annual financial statements, which are set out on pages 8 to 120, in terms of Section 126(1) of the Municipal Finance Management Act No 56 of 2003 and which I have signed on behalf of the Municipality. The audited consolidated annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practices (GRAP), other applicable accounting standards and reporting framework approved by the Accounting Standards Board and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates. These consolidated annual financial statements fairly presents the state of affairs of the municipality, its management of revenue, expenditure, assets and liabilities, its business activities, its financial results, and its financial position as at 30 June 2019.

I certify that the salaries, allowances and benefits of Councillors, as disclosed in note 38 of these audited consolidated annual financial statements are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Co-operative Governance and Traditional Affairs determination in accordance with this Act:



Mr WJ Khanyale
Municipal Manager

City of Mbombela

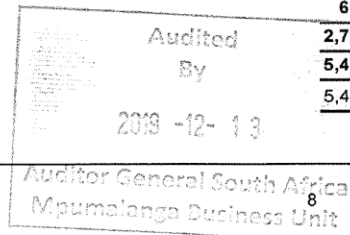
(Registration number MP326)

Audited Consolidated Annual Financial Statements for the year ended 30 June 2019

Statement of Financial Position

Figures in Rand	Note(s)	Economic entity		Controlling entity	
		2019	2018 Restated*	2019	2018 Restated*
Assets					
Current Assets					
Inventories	2	27,144,664	19,100,885	27,144,664	19,100,885
Operating lease asset	3	90,708	430,484	90,708	430,484
Other receivables from exchange transactions	4	31,876,091	33,296,393	31,875,501	33,296,393
Trade receivables from non-exchange transactions	5	117,202,343	89,212,395	117,200,646	89,207,919
VAT receivable	6	114,406,262	87,324,749	114,390,127	87,311,621
Trade receivables from exchange transactions	7	166,097,387	152,360,322	166,097,387	152,360,322
Deposits	8	5,186,819	4,755,819	5,186,819	4,755,819
Current portion of long-term receivables		149,186	758,379	149,186	758,379
Cash and cash equivalents	9	126,428,419	95,031,542	126,050,715	93,902,792
		588,581,879	482,270,968	588,185,753	481,124,614
Non-Current Assets					
Investment property	10	330,446,369	332,430,880	330,446,369	332,430,880
Property, plant and equipment	11	7,192,398,423	7,176,425,890	7,192,383,732	7,176,416,364
Intangible assets	12	15,511,101	16,133,174	15,505,845	16,126,001
Heritage assets	13	2,301,970	2,301,970	2,301,970	2,301,970
Investments	14	-	18,397,543	100	18,397,643
Long term receivables	15	2,531,548	3,792,810	2,531,548	3,792,810
		7,543,189,411	7,549,482,267	7,543,169,564	7,549,465,668
Total Assets		8,131,771,290	8,031,753,235	8,131,355,317	8,030,590,282
Liabilities					
Current Liabilities					
Current portion of borrowings	16	53,200,621	58,133,948	53,200,621	58,133,948
Finance lease obligation	17	2,818,416	4,639,134	2,818,416	4,639,134
Trade and other payables from exchange transactions	18	1,823,303,313	1,532,300,763	1,823,300,990	1,532,298,438
Other payables from non-exchange transactions	19	59,409,902	11,329,165	59,409,902	11,329,165
Consumer deposits	20	40,282,191	36,920,033	40,282,191	36,920,033
Current portion of post employment benefit liability	21	4,270,448	4,330,280	4,270,448	4,330,280
Unspent conditional grants and receipts	22	102,270,811	154,317,785	101,912,901	153,208,828
Current portion of provisions	23	13,022,864	12,135,471	13,022,864	12,135,471
Other financial liabilities	24	3,853,005	4,053,040	3,853,005	4,053,040
		2,102,431,571	1,818,159,619	2,102,071,338	1,817,048,337
Non-Current Liabilities					
Non-current portion of borrowings	16	213,180,419	242,213,202	213,180,419	242,213,202
Finance lease obligation	17	-	876,609	-	876,609
Operating lease	3	233,676	795,725	233,676	795,725
Non-current portion of post employment benefit liability	21	165,363,557	144,778,791	165,363,557	144,778,791
Non-current portion of provisions	23	239,337,367	214,125,492	239,337,367	214,125,492
		618,115,019	602,789,819	618,115,019	602,789,819
Total Liabilities		2,720,546,590	2,420,949,438	2,720,186,357	2,419,838,156
Net Assets		5,411,224,700	5,610,803,797	5,411,168,960	5,610,752,126
Accumulated surplus		5,411,224,700	5,610,803,797	5,411,168,960	5,610,752,126

* See Note 50



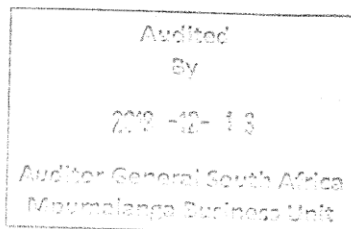
City of Mbombela

(Registration number MP326)

Audited Consolidated Annual Financial Statements for the year ended 30 June 2019

Statement of Financial Performance

Figures in Rand	Note(s)	Economic entity		Controlling entity	
		2019	2018 Restated*	2019	2018 Restated*
Revenue					
Revenue from exchange transactions					
Sale of goods and rendering of Services	25	12,420,493	18,345,824	12,420,493	18,345,824
Service charges	26	1,241,828,084	1,088,909,697	1,241,828,084	1,088,909,697
Rental of facilities and equipment	27	11,676,380	9,878,092	11,676,380	9,878,092
Agency services	28	42,316,544	38,796,084	42,316,544	38,796,084
Licences and permits	29	3,260,826	3,195,882	3,260,826	3,195,882
Other income	30	50,726,360	22,066,659	50,726,360	22,066,659
Finance income	31	34,451,001	52,577,776	34,410,973	52,506,867
Gain on impairment reversal - receivables	32	50,838,131	92,388,517	50,838,131	92,388,517
Total revenue from exchange transactions		1,447,517,819	1,326,158,531	1,447,477,791	1,326,087,622
Revenue from non-exchange transactions					
Taxation revenue					
Property rates	33	631,259,690	465,673,448	631,259,690	465,673,448
Transfer revenue					
Government grants and subsidies	34	1,227,007,037	1,219,763,702	1,226,255,990	1,219,533,269
Public contributions and donations	35	11,148,491	-	11,148,491	-
Fines, penalties and forfeits	36	10,321,426	6,629,400	10,321,426	6,629,400
Total revenue from non-exchange transactions		1,879,736,644	1,692,066,550	1,878,985,597	1,691,836,117
Total revenue		3,327,254,463	3,018,225,081	3,326,463,388	3,017,923,739
Expenditure					
Employee related costs	37	(937,513,463)	(817,118,324)	(936,949,440)	(816,855,654)
Remuneration of councillors	38	(39,532,516)	(38,421,823)	(39,466,130)	(38,421,823)
Inventory Consumed	39	(50,343,245)	(46,753,875)	(50,343,245)	(46,753,875)
Depreciation and amortisation	40	(506,585,678)	(502,879,269)	(506,580,755)	(502,874,481)
Finance costs	41	(90,665,330)	(66,271,741)	(90,665,330)	(66,271,741)
Operating lease	42	(8,097,143)	(6,797,111)	(8,097,143)	(6,797,111)
Bad debts written off	43	(243,757,993)	(252,693,799)	(243,757,993)	(252,693,799)
Bulk purchases	44	(746,300,391)	(706,812,207)	(746,300,391)	(706,812,207)
Contracted services	45	(627,515,358)	(521,773,210)	(627,515,358)	(521,773,210)
Transfers and subsidies	46	(44,373,351)	(31,911,684)	(44,373,351)	(31,911,684)
Loss on disposal of property, plant and equipment		(204,405)	(3,547,503)	(204,405)	(3,547,503)
Operational costs	47	(231,944,688)	(233,905,983)	(231,793,014)	(233,867,417)
Total expenditure		(3,526,833,561)	(3,228,886,529)	(3,526,046,555)	(3,228,580,505)
Deficit for the year		(199,579,098)	(210,661,448)	(199,583,167)	(210,656,766)



* See Note 50

City of Mbombela

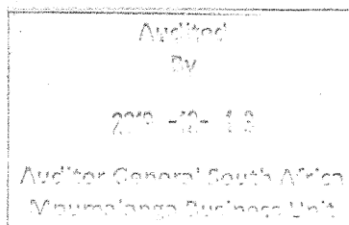
(Registration number MP326)

Audited Consolidated Annual Financial Statements for the year ended 30 June 2019

Statement of Changes in Net Assets

Figures in Rand	Accumulated surplus	Total net assets
Economic entity		
Opening balance as previously reported	5,872,598,551	5,872,598,551
Adjustments		
Prior year adjustments	(51,133,306)	(51,133,306)
Balance at 1 July 2017 as restated*	5,821,465,245	5,821,465,245
Changes in net assets		
Restated deficit for the year	(210,661,448)	(210,661,448)
Total changes	(210,661,448)	(210,661,448)
Balance at 1 July 2018 as Restated*	5,610,803,798	5,610,803,798
Changes in net assets		
Deficit for the year	(199,579,098)	(199,579,098)
Total changes	(199,579,098)	(199,579,098)
Balance at 30 June 2019	5,411,224,700	5,411,224,700
Controlling entity		
Opening balance as previously reported	5,872,542,198	5,872,542,198
Prior year adjustments	(51,133,306)	(51,133,306)
Balance at 1 July 2017 as restated*	5,821,408,892	5,821,408,892
Changes in net assets		
Restated deficit for the period	(210,656,766)	(210,656,766)
Total changes	(210,656,766)	(210,656,766)
	5,610,752,127	5,610,752,127
Balance at 1 July 2018 as restated*	5,610,752,127	5,610,752,127
Deficit for the year	(199,583,167)	(199,583,167)
Total changes	(199,583,167)	(199,583,167)
Balance at 30 June 2019	5,411,168,960	5,411,168,960

See note 50 for accounting error adjustments disclosure.



* See Note 50

City of Mbombela

(Registration number MP326)

Audited Consolidated Annual Financial Statements for the year ended 30 June 2019

Cash Flow Statement

Figures in Rand	Note(s)	Economic entity		Controlling entity	
		2019	2018 Restated*	2019	2018 Restated*
Cash flows from operating activities					
Receipts					
Property rates		606,606,826	436,144,725	606,606,826	436,144,725
Sale of goods and services		1,035,171,155	878,388,666	1,035,171,155	878,388,666
Government grants and subsidies		1,174,960,063	1,203,220,736	1,174,960,063	1,203,220,736
Finance income		34,453,780	52,580,454	34,410,973	52,506,867
Other income		128,372,058	188,404,264	128,372,058	188,404,264
		<u>2,979,563,882</u>	<u>2,758,738,845</u>	<u>2,979,521,075</u>	<u>2,758,665,258</u>
Payments					
Employee costs		(942,382,650)	(825,675,934)	(941,752,241)	(825,382,790)
Bulk purchases		(679,382,091)	(629,893,336)	(679,382,091)	(629,893,336)
Finance costs		(86,980,080)	(63,147,860)	(86,980,080)	(63,147,860)
Other payments		(663,466,380)	(648,060,305)	(663,311,108)	(648,049,329)
Grants and Subsidies paid		(44,373,350)	(31,911,683)	(44,373,350)	(31,911,683)
		<u>(2,416,584,551)</u>	<u>(2,198,689,118)</u>	<u>(2,415,798,870)</u>	<u>(2,198,384,998)</u>
Net cash flows from operating activities	48	562,979,331	560,049,727	563,722,205	560,280,260
Cash flows from investing activities					
Purchase of property, plant and equipment	11	(514,349,197)	(479,727,626)	(514,341,026)	(479,727,626)
Proceeds from sale of property, plant and equipment	11	267,666	958,298	267,666	958,298
Purchase of other intangible assets	12	(620,057)	(1,245,462)	(620,057)	(1,245,462)
Increase in financial assets		18,397,543	(1,137,399)	18,397,543	(1,137,499)
Decrease in non-current portion of receivables		1,870,455	(600,828)	1,870,455	(600,828)
		<u>(494,433,590)</u>	<u>(481,753,017)</u>	<u>(494,425,419)</u>	<u>(481,753,117)</u>
Cash flows from financing activities					
Repayment of borrowings		(33,966,110)	(5,358,863)	(33,966,110)	(5,358,863)
Finance lease payments		(3,182,754)	(3,129,768)	(3,182,754)	(3,129,768)
		<u>(37,148,864)</u>	<u>(8,488,631)</u>	<u>(37,148,864)</u>	<u>(8,488,631)</u>
Net cash flows from financing activities					
Net increase/(decrease) in cash and cash equivalents		31,396,877	69,808,079	32,147,922	70,038,512
Cash and cash equivalents at the beginning of the year		95,031,542	25,223,463	93,902,792	23,864,280
Cash and cash equivalents at the end of the year	9	126,428,419	95,031,542	126,050,714	93,902,792

Audited
2019-10-13
Auditor General South Africa
Mpumalanga Business Unit

* See Note 50

City of Mbombela

(Registration number MP326)

Audited Consolidated Annual Financial Statements for the year ended 30 June 2019

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Original budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference note 64
Figures in Rand						
Controlling entity						
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Sale of goods and rendering of Services	6,534,799	15,000,000	21,534,799	12,420,493	(9,114,306)	64.1
Service charges	1,178,525,029	26,000,000	1,204,525,029	1,241,828,084	37,303,055	
Rental of facilities and equipment	12,694,277	(5,000,000)	7,694,277	11,676,380	3,982,103	64.2
Agency services	194,812,903	(10,000,000)	184,812,903	42,316,544	(142,496,359)	64.3
Licences and permits	3,330,333	-	3,330,333	3,260,826	(69,507)	
Other income	22,039,802	5,000,000	27,039,802	50,726,360	23,686,558	64.4
Finance Income	30,599,280	-	30,599,280	34,410,973	3,811,693	64.5
Total revenue from exchange transactions	1,448,536,423	31,000,000	1,479,536,423	1,396,639,660	(82,896,763)	
Revenue from non-exchange transactions						
Taxation revenue						
Property rates	602,531,007	4,000,000	606,531,007	631,259,690	24,728,683	
Transfer revenue						
Government grants & subsidies	1,278,053,001	68,476,695	1,346,529,696	1,226,255,990	(120,273,706)	
Public contributions and donations	-	-	-	11,148,491	11,148,491	
Fines, Penalties and Forfeits	8,362,930	(1,000,000)	7,362,930	10,321,426	2,958,496	64.6
Total revenue from non-exchange transactions	1,888,946,938	71,476,695	1,960,423,633	1,878,985,597	(81,438,036)	
Total revenue	3,337,483,361	102,476,695	3,439,960,056	3,275,625,257	(164,334,799)	
Expenditure						
Employee related costs	(887,761,680)	(3,000,000)	(890,761,680)	(936,949,440)	(46,187,760)	
Remuneration of councillors	(41,696,435)	-	(41,696,435)	(39,466,130)	2,230,305	
Inventory consumed	(55,567,335)	10,317,222	(45,250,113)	(50,343,245)	(5,093,132)	64.7
Depreciation and amortisation	(540,556,966)	-	(540,556,966)	(506,580,755)	33,976,211	
Finance costs	(40,038,889)	(3,380,454)	(43,419,343)	(90,665,330)	(47,245,987)	64.8
Operating lease	(7,624,408)	1,106,659	(6,517,749)	(8,097,143)	(1,579,394)	64.9
Bad debts written off	-	-	-	(243,757,993)	(243,757,993)	64.10
Debt impairment	(143,664,047)	10,654,528	(133,009,519)	-	133,009,519	64.11
Bulk purchases	(736,187,404)	9,758,993	(726,428,411)	(746,300,391)	(19,871,980)	
Contracted services	(473,761,684)	(105,160,874)	(578,922,558)	(627,515,358)	(48,592,800)	
Transfers and subsidies paid	(35,309,620)	(2,877,616)	(38,187,236)	(44,373,351)	(6,186,115)	64.12
Operational costs	(248,111,017)	83,571,057	(164,539,960)	(231,793,014)	(67,253,054)	
Total expenditure	(3,210,279,485)	989,515	(3,209,289,970)	(3,525,842,150)	(316,552,180)	
Operating deficit	127,203,876	103,466,210	230,670,086	(250,216,893)	(480,886,979)	
Gain / (loss) on disposal of assets	-	-	-	(204,405)	(204,405)	

City of Mbombela

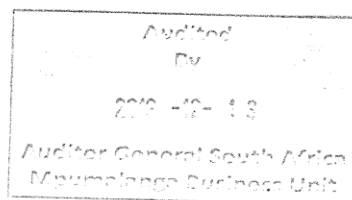
(Registration number MP326)

Audited Consolidated Annual Financial Statements for the year ended 30 June 2019

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Original budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference note 64
Figures in Rand						
Impairment loss reversal	-	-	-	50,838,131	50,838,131	
	-	-	-	50,633,726	50,633,726	
Deficit before taxation	127,203,876	103,466,210	230,670,086	(199,583,167)	(430,253,253)	
	127,203,876	103,466,210	230,670,086	(199,583,167)	(430,253,253)	



City of Mbombela

(Registration number MP326)

Audited Consolidated Annual Financial Statements for the year ended 30 June 2019

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Original budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference note 64
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Figures in Rand

Statement of Financial Position

Assets

Current Assets

Inventories	119,071,424	-	119,071,424	27,144,664	(91,926,760)	64.13
Operating lease asset	-	-	-	90,708	90,708	
Other receivables from exchange transactions	94,314,893	-	94,314,893	31,876,091	(62,438,802)	64.13
Trade receivables from non- exchange transactions	93,441,458	-	93,441,458	117,200,646	23,759,188	
VAT receivable	-	-	-	114,390,127	114,390,127	64.13
Trade receivables from exchange transactions	194,000,000	-	194,000,000	166,097,387	(27,902,613)	
Deposits	-	-	-	5,186,819	5,186,819	
Current portion of long-term receivables	5,020,915	-	5,020,915	149,186	(4,871,729)	
Cash and cash equivalents	120,126,883	(24,926,929)	95,199,954	126,050,715	30,850,761	64.13
	625,975,573	(24,926,929)	601,048,644	588,186,343	(12,862,301)	

Non-Current Assets

Investment property	-	-	-	330,446,369	330,446,369	
Property, plant and equipment	7,965,683,099	118,528,758	8,084,211,857	7,192,383,732	(891,828,125)	64.13
Intangible assets	12,831,119	1,300,600	14,131,719	15,505,845	1,374,126	
Heritage assets	-	-	-	2,301,970	2,301,970	
Investments	58,432,500	-	58,432,500	100	(58,432,400)	
Long term receivables	4,150,059	-	4,150,059	2,531,548	(1,618,511)	
	8,041,096,777	119,829,358	8,160,926,135	7,543,169,564	(617,756,571)	
	8,667,072,350	94,902,429	8,761,974,779	8,131,355,907	(630,618,872)	

Total Assets

Liabilities

Current Liabilities

Current portion of borrowings	29,302,179	-	29,302,179	53,200,621	23,898,442	
Finance lease obligation	-	-	-	2,818,416	2,818,416	
Trade and other payables from exchange transactions	621,855,332	-	621,855,332	1,823,300,989	1,201,445,657	64.14
Trade and other payables from non-exchange transactions	-	-	-	59,409,902	59,409,902	64.14
Consumer deposits	36,427,147	-	36,427,147	40,282,191	3,855,044	64.14
Current portion of post employment benefit liability	-	-	-	4,270,448	4,270,448	
Unspent conditional grants and receipts	26,096,865	-	26,096,865	101,912,901	75,816,036	64.14
Current portion of provisions	29,245,514	-	29,245,514	13,022,864	(16,222,650)	
Other financial liabilities	-	-	-	3,853,005	3,853,005	
	742,927,037	-	742,927,037	2,102,071,337	1,359,144,300	

Non-Current Liabilities

Non - current portion of borrowings	237,701,490	-	237,701,490	213,180,419	(24,521,071)	
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City of Mbombela

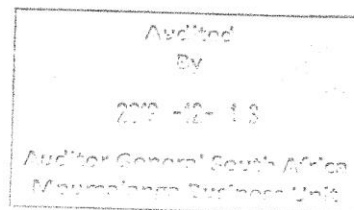
(Registration number MP326)

Audited Consolidated Annual Financial Statements for the year ended 30 June 2019

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Original budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference note 64
Figures in Rand						
Operating lease liability	-	-	-	233,676	233,676	
Non-current portion of post employment benefit liability	149,937,201	-	149,937,201	165,363,557	15,426,356	
Non - current portion of provisions	164,853,736	-	164,853,736	239,337,367	74,483,631	64.15
	552,492,427	-	552,492,427	618,115,019	65,622,592	
Total Liabilities	1,295,419,464	-	1,295,419,464	2,720,186,356	1,424,766,892	
Net Assets	7,371,652,886	94,902,429	7,466,555,315	5,411,169,551	(2,055,385,764)	
Accumulated surplus	7,371,652,886	94,902,429	7,466,555,315	5,411,169,551	(2,055,385,764)	



City of Mbombela

(Registration number MP326)

Audited Consolidated Annual Financial Statements for the year ended 30 June 2019

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Original budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference note 64
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Figures in Rand

Cash Flow Statement

Cash flows from operating activities

Receipts

Property rates	554,328,525	-	554,328,525	606,606,826	52,278,301	
Sale of goods and services	1,084,243,024	27,600,003	1,111,843,027	1,035,171,155	(76,671,872)	
Government grants and subsidies	1,262,998,001	(33,700,001)	1,229,298,000	1,174,960,063	(54,337,937)	
Finance income	28,151,336	(10,000,000)	18,151,336	34,453,780	16,302,444	
Other income	245,530,176	(10,000,000)	235,530,176	128,372,058	(107,158,118)	64.16
	3,175,251,062	(26,099,998)	3,149,151,064	2,979,563,882	(169,587,182)	

Payments

Employee related costs, remuneration of councillors and suppliers	(2,517,972,385)	120,706,788	(2,397,265,597)	(2,285,231,121)	112,034,476	
Finance costs	(37,164,565)	-	(37,164,565)	(86,980,080)	(49,815,515)	
Grants and subsidies paid	(35,269,620)	-	(35,269,620)	(44,373,350)	(9,103,730)	
	(2,590,406,570)	120,706,788	(2,469,699,782)	(2,416,584,551)	53,115,231	

Net cash flows from operating activities

	584,844,492	94,606,790	679,451,282	562,979,331	(116,471,951)	
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Cash flows from investing activities

Purchase of property, plant and equipment	(599,890,917)	(20,000,000)	(619,890,917)	(514,349,197)	105,541,720	64.17
Proceeds from sale of property, plant and equipment	-	-	-	267,666	267,666	
Purchase of other intangible assets	-	-	-	(620,057)	(620,057)	
Decrease in financial assets	-	-	-	18,397,543	18,397,543	
Decrease in non-current receivables	15,000,000	(15,000,000)	-	1,870,455	1,870,455	

Net cash flows from investing activities

	(584,890,917)	(35,000,000)	(619,890,917)	(494,433,590)	125,457,327	
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Cash flows from financing activities

Repayment of borrowings	(27,246,692)	(30,000,000)	(57,246,692)	(33,966,109)	23,280,583	64.18
Finance lease	-	-	-	(3,182,754)	(3,182,754)	

Net cash flows from financing activities

	(27,246,692)	(30,000,000)	(57,246,692)	(37,148,864)	20,583,256	
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Net increase/(decrease) in cash and cash equivalents

	(27,293,117)	29,606,790	2,313,673	31,396,877	29,568,632	
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Cash and cash equivalents at the beginning of the year

	147,420,000	(54,533,721)	92,886,279	95,031,542	2,145,263	
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Cash and cash equivalents at the end of the year

	120,126,883	(24,926,931)	95,199,952	126,428,419	31,713,895	
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City of Mbombela

(Registration number MP326)
Audited Consolidated Annual Financial Statements for the year ended 30 June 2019

Appropriation Statement

Figures in Rand

	Original budget	Budget adjustments (i.t.o. s28 and budget s31 of the MFMA)	Final adjustments (i.t.o. s31 of the MFMA)	Shifting of funds (i.t.o. MFMA)	Virement (i.t.o. council approved policy)	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
Controlling entity - 2019											
Financial Performance	602,531,007	4,000,000	606,531,007	-	-	606,531,007	631,259,690	-	24,728,683	104 %	105 %
Property rates	1,178,525,029	26,000,000	1,204,525,029	-	-	1,204,525,029	1,241,828,084	-	37,303,055	103 %	105 %
Service charges	1,740,335	-	1,740,335	-	-	1,740,335	34,410,973	-	32,670,638	1,977 %	1,977 %
Investment revenue	741,060,700	-	741,060,700	-	-	741,060,700	763,700,929	-	22,640,229	103 %	103 %
Transfers recognised - operational	276,633,989	-	276,633,989	-	-	276,633,989	181,560,160	-	(95,073,829)	66 %	66 %
Other own revenue	2,800,491,060	30,000,000	2,830,491,060	-	-	2,830,491,060	2,852,759,836	-	22,268,776	101 %	102 %
Total revenue (excluding capital transfers and contributions)	(887,761,680)	-	(887,761,680)	-	-	(887,761,680)	(936,949,440)	-	(49,187,760)	106 %	106 %
Employee costs	(41,696,435)	-	(41,696,435)	-	-	(41,696,435)	(39,466,130)	-	2,230,305	95 %	95 %
Remuneration of councillors	(540,556,966)	-	(540,556,966)	-	-	(540,556,966)	(506,580,755)	-	(243,757,993)	DIV/0 %	DIV/0 %
Debt impairment	(40,038,889)	-	(40,038,889)	-	-	(40,038,889)	(90,665,330)	-	(50,626,441)	226 %	226 %
Impairment	(791,754,739)	-	(791,754,739)	-	-	(791,754,739)	(746,300,391)	-	45,454,348	94 %	94 %
Finance charges	(35,309,620)	-	(35,309,620)	-	-	(35,309,620)	(44,373,351)	-	(9,063,731)	126 %	126 %
Materials and bulk purchases	(873,161,156)	-	(873,161,156)	-	-	(873,161,156)	(917,953,165)	-	(44,792,009)	105 %	105 %
Transfers and grants	(3,210,279,485)	-	(3,210,279,485)	-	-	(3,210,279,485)	(3,526,046,555)	-	(315,767,070)	110 %	110 %
Other expenditure	(409,788,425)	30,000,000	(379,788,425)	-	-	(379,788,425)	(673,286,719)	-	(293,498,294)	177 %	164 %
Total expenditure											
Surplus/(Deficit)											

City of Mbombela

(Registration number MP326)

Audited Consolidated Annual Financial Statements for the year ended 30 June 2019

Appropriation Statement

Figures in Rand

	Original budget	Budget adjustments (i.e. s28 and s31 of the MFMA)	Final adjustments budget (i.e. s28 and s31 of the MFMA)	Shifting of funds (i.e. s31 of the MFMA)	Virement (i.e. council approved policy)	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
Transfers recognised - capital	536,992,301	-	536,992,301	-	-	536,992,301	462,555,061		(74,437,240)	86 %	86 %
Contributions recognised - capital and contributed assets	-	-	-	-	-	-	11,148,491		11,148,491	DIV/0 %	DIV/0 %
Surplus (Deficit) after capital transfers and contributions	127,203,876	30,000,000	157,203,876	-	-	157,203,876	(199,583,167)		(356,787,043)	(127)%	(157)%
Surplus/(Deficit) for the year	127,203,876	30,000,000	157,203,876	-	-	157,203,876	(199,583,167)		(356,787,043)	(127)%	(157)%
Capital expenditure and funds sources											
Total capital expenditure	630,592,306	-	630,592,306	-	-	630,592,306	514,961,077		(115,631,229)	82 %	82 %
Sources of capital funds											
Transfers recognised - capital	536,992,306	-	536,992,306	-	-	536,992,306	-		(536,992,306)	- %	- %
Internally generated funds	63,600,000	-	63,600,000	-	-	63,600,000	-		(63,600,000)	- %	- %
Total sources of capital funds	600,592,306	-	600,592,306	-	-	600,592,306	-		(600,592,306)	- %	- %

City of Mbombela

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Audited Consolidated Annual Financial Statements for the year ended 30 June 2019

Accounting Policies

1. Presentation of Audited Consolidated Annual Financial Statements

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The audited consolidated annual financial statements have been prepared in accordance with the effective Standards of Generally Recognised Accounting Practice (GRAP), including any interpretations, guidelines and directives issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act (Act 56 of 2003).

These audited consolidated annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention as the basis of measurement, unless specified otherwise. They are presented in South African Rand.

A summary of the significant accounting policies, which have been applied in the preparation of these annual financial statements, are disclosed below. Details of any changes in accounting policies are explained in the relevant policy. Assets, liabilities, revenues and expenses have not been offset except when offsetting is required or permitted by a Standard of GRAP.

GRAP 1	Presentation of Financial Statements
GRAP 2	Cash Flow Statements
GRAP 3	Accounting Policies, Changes in Accounting Estimates and Errors
GRAP 5	Borrowing costs
GRAP 6	Consolidated and Separate Financial Statements
GRAP 7	Investments in Associates
GRAP 8	Investments in Joint Ventures
GRAP 9	Revenue from Exchange Transactions
GRAP 11	Construction contracts
GRAP 12	Inventories
GRAP 13	Leases
GRAP 14	Events after the Reporting Date
GRAP 16	Investment Property
GRAP 17	Property, Plant and Equipment
GRAP 19	Provisions, Contingent Liabilities and Contingent Assets
GRAP 21	Impairment of Non-cash generating Assets
GRAP 23	Revenue from Non-exchange Transactions (Taxes and Transfers)
GRAP 24	Presentation of Budget Information in Financial Statements
GRAP 25	Employee benefits
GRAP 26	Impairment of Cash-generating Assets
GRAP 27	Agriculture
GRAP 31	Intangible Assets
GRAP 100	Discontinued operations
GRAP 103	Heritage Assets
GRAP 104	Financial Instruments
GRAP 105	Transfers of Functions Between Entities Under Common Control
GRAP 106	Transfers of Functions Between Entities Not Under Common Control
GRAP 107	Merger

List of effective Interpretations of the Standards of GRAP

IGRAP 1	Applying the Probability Test on Initial Recognition of Revenue (as revised in 2012)
IGRAP 2	Changes in Existing Decommissioning, Restoration and Similar Liabilities
IGRAP 3	Determining whether an Arrangement Contains a Lease
IGRAP 4	Rights to Interests Arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
IGRAP 6	Loyalty Programmes
IGRAP 8	Agreements for the construction of assets from exchange transactions
IGRAP 13	Operating Leases - Incentives
IGRAP 14	Evaluating the substance of transactions involving the legal form of a lease
IGRAP 16	Intangible assets - Web site costs

Auditor General South Africa
Mbombela Business Unit

City of Mbombela

(Registration number MP326)

Audited Consolidated Annual Financial Statements for the year ended 30 June 2019

Accounting Policies

The following approved guideline on the Standards of GRAP was applied in disclosing information

Guide 1 Guideline on Accounting for Public Private Partnership.

The following approved not yet Effective Standard of GRAP was used to disclose Information:

GRAP 20 Related Party Disclosures

New Standards, Amendments and Interpretations to GRAP Standards Approved But Not yet Effective:

The following GRAP standards have been approved by the Accounting Standards Board and effective dates have been determined by the Minister as indicated below except where effective date has not been determined. The standards have not been early adopted nor an accounting policy developed by the Municipality. The impact on the application of the new Standards could not be reasonably estimable as at the reporting date and it is not anticipated that these Standards will have a significant impact on the Municipality.

IGRAP 17	Service Concession Arrangements Where a Grantor Controls a Significant Residual Interest in an Asset.
GRAP 109	Accounting by Principles and Agents 1 April 2019
GRAP 18	Segment Reporting 1 April 2020
IGRAP 18	Recognition and Derecognition of Land

Standards of GRAP used in developing an accounting policy

GRAP 32	Service Concession Arrangements 1 April 2019
GRAP 108	Statutory Receivables 1 April 2019

1.1 Presentation currency

These audited consolidated annual financial statements are presented in South African Rand, which is the functional currency of the economic entity. The figures are rounded off to the nearest Rand.

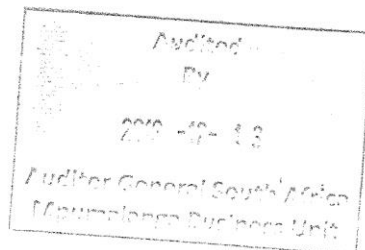
1.2 Going concern assumption

These audited consolidated annual financial statements have been prepared based on the expectation that the economic entity will continue to operate as a going concern for at least the next 12 months.

1.3 Comparative information

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are restated. The nature and reason for the reclassification is disclosed. Where accounting errors have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly. If a change in accounting policy results from initial application of a standard of GRAP that has specific transitional provisions, the municipality account for the change in accordance with the specific transitional provisions of that accounting standard.

Reclassifications of certain accounts were made in order to comply with the requirements of Municipal Standard Charts of Accounts (mSCOA). The reclassifications have no impact on the net assets value of the municipality.



City of Mbombela

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Audited Consolidated Annual Financial Statements for the year ended 30 June 2019

Accounting Policies

1.4 Property, plant and equipment

Initial recognition and measurement

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one period. While there is no universally accepted definition of infrastructure assets, these assets usually display some or all of the following characteristics:

- (a) they are parts of a system or network;
- (b) they are specialised in nature and do not have alternative uses;
- (c) they are immovable; and
- (d) they may be subject to constraints on disposal.

The cost of an item of property, plant and equipment is recognised as an asset when:

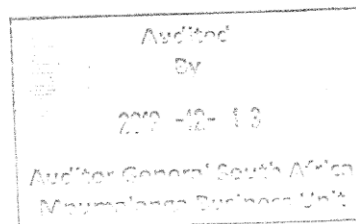
- it is probable that future economic benefits or service potential associated with the item will flow to the economic entity; and
- the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost.

The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Trade discounts and rebates are deducted in arriving at the cost.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, its deemed cost is the carrying amount of the asset(s) given up.



City of Mbombela

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Audited Consolidated Annual Financial Statements for the year ended 30 June 2019

Accounting Policies

1.4 Property, plant and equipment (continued)

Items such as spare parts, standby equipment and servicing equipment are recognised as property, plant and equipment when they meet the definition of property, plant and equipment.

Recognition of costs in the carrying amount of an item of property, plant and equipment ceases when the item is in the location and condition necessary for it to be capable of operating in the manner intended by management. Costs incurred in using or redeploying an item are not included in the carrying amount of that item.

The cost of an item of property, plant and equipment is the cash price equivalent at the recognition date. If the payment is deferred beyond normal credit terms, the difference between the cash price equivalent and the total payment is recognised as interest over the period of credit unless such interest is recognised in the carrying amount of the item in accordance with the Standard of GRAP on Borrowing Costs.

The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located is also included in the cost of property, plant and equipment, where the Municipality is obligated to incur such expenditure, and where the obligation arises as a result of acquiring the asset or using it for purposes other than the production of inventories.

Subsequent measurement

Subsequent to initial recognition, items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses in accordance with the cost model. Land is not depreciated as it is deemed to have an indefinite useful life.

Where an asset is acquired through a non-exchange transaction, its cost shall be measured at fair value as at the date of acquisition.

Where the economic entity replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component. Subsequent expenditure incurred on an item of Property, Plant and Equipment is capitalised when it meets the definition and recognition criteria of an asset.

Where the Municipality has an obligation to dismantle, remove and restore items of property, plant and equipment and the initial estimate was initially included in the cost of an item of property, plant and equipment, any changes in the liability are added to or deducted from, the cost of the related asset in the current period. If there is a decrease in the liability and it exceeds the carrying amount of the asset, the excess is recognised immediately in the statement of financial performance.

If there is a change in a provision for which the asset relates, and the change results in addition to the cost of an asset, the Municipality considers whether this is an indication that the new carrying amount of the asset may not be fully recoverable. If it is an indication, the related asset is tested for impairment by estimating its recoverable amount or recoverable service amount and any impairment loss is recognised in accordance with the accounting policy on impairment of cash-generating assets or non-cash generating assets. If the related asset has reached the end of its useful life, any subsequent changes in the liability will be recognised in the statement of financial performance.

Depreciation

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The depreciation charge for each period shall be recognised in the statement of financial performance unless it is included in the carrying amount of another asset. The annual depreciation rates are based on the following estimated useful lives:

Item	Average useful life
Land and building	
• Land	Indefinite
• Buildings	30-40
• Landfill sites	10-85
Finance lease assets	
• Office equipment	3-15
• Other assets	3-10

City of Mbombela

(Registration number MP326)

Audited Consolidated Annual Financial Statements for the year ended 30 June 2019

Accounting Policies

1.4 Property, plant and equipment (continued)

Infrastructure

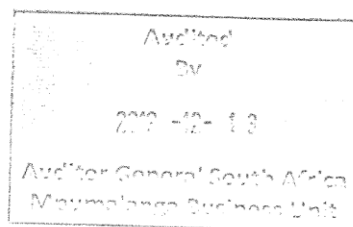
• Roads, pavement, bridges, and storm water	3-80
• Electrical	3-50
• Water	5-50
• Sanitation	5-50
• Information and communications	3-10
• Solid waste	10-50

Community

• Sport and Recreational facilities	25-40
• Parks	Indefinite
• Halls	25-40
• Libraries	25-40

Other property, plant and equipment

• Specialised vehicles	5-15
• Other vehicles	5-15
• Office equipment	3-15
• Furniture and fittings	5-15
• Bins and containers	5-10
• Specialised plant and equipment	5-20
• Other items of plant and equipment	5-10
• Emergency equipment	5-10
• Computer equipment	3-10



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Audited Consolidated Annual Financial Statements for the year ended 30 June 2019

Accounting Policies

1.4 Property, plant and equipment (continued)

Further detail on the useful lives of the categories of assets is detailed on the assets management policy, available for inspection at our offices.

The depreciation method applied to an asset is reviewed at least at each reporting date and, if there has been a significant change in the expected pattern of consumption of the future economic benefits or service potential embodied in the asset, the method is changed to reflect the changed pattern. Such a change is accounted for as a change in an accounting estimate in accordance with Standard of GRAP on Accounting Policies, Changes in Accounting Estimates and Errors.

The economic entity assesses at each reporting date whether there is any indication that the municipality's expectations about the residual value and the useful life of an asset have changed since the preceding reporting date. If any such indication exists, the municipality revise the expected useful life and/or residual value accordingly.

The residual value of an intangible asset with a finite useful life is assumed to be zero unless:

- (a) there is a commitment by a third party to acquire the asset at the end of its useful life; or
- (b) there is an active market for the asset and:
- (c) residual value can be determined by reference to that market; and
- (d) it is probable that such a market will exist at the end of the asset's useful life

The change(s) are accounted for as a change in an accounting estimate in accordance with the Standard of GRAP on Accounting Policies, Changes in Accounting Estimates and Errors.

In assessing whether there is any indication that the expected useful life of an asset has changed, the municipality considers the following indications:

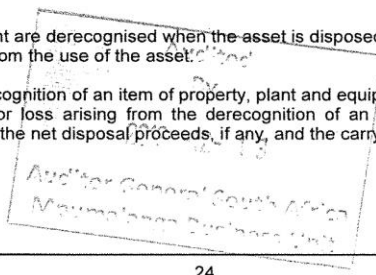
- (a) The composition of the asset changed during the reporting period, i.e. the significant components of the asset changed.
- (b) The use of the asset has changed, because of the following:
 - The economic entity has changed the manner in which the asset is used.
 - The economic entity has changed the utilisation rate of the asset.
 - The economic entity has made a decision to dispose of the asset in a future reporting period(s) such that this decision changes the expected period over which the asset will be used.
 - Technological, environmental, commercial or other changes that occurred during the reporting period that have, or will, change the use of the asset.
 - Legal or similar limits placed on the use of the asset have changed.
 - The asset was idle or retired from use during the reporting period.
- (c) The asset is approaching the end of its previously expected useful life.
- (d) Planned repairs and maintenance on, or refurbishments of, the asset and/or its significant components either being undertaken or delayed.
- (e) Environmental factors, e.g. increased rainfall or humidity, adverse changes in temperatures or increased exposure to pollution.
- (f) There is evidence that the condition of the asset improved or declined based on assessments undertaken during the reporting period.
- (g) The asset is assessed as being impaired in accordance with the Standards of GRAP on Impairment of Cash-generating Assets and Impairment of Non-cash-generating Assets.

Compensation from third parties for items of property, plant and equipment that were impaired, lost or given up is included in surplus or deficit when the compensation becomes receivable.

Derecognition

Items of Property, Plant and Equipment are derecognised when the asset is disposed of or when there are no further economic benefit or service potential expected from the use of the asset.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.



City of Mbombela

(Registration number MP326)

Audited Consolidated Annual Financial Statements for the year ended 30 June 2019

Accounting Policies

1.5 Intangible assets

Initial recognition and measurement

An intangible asset is an identifiable non-monetary asset without physical substance.

An intangible asset is recognised when:

- it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the economic entity; and
- the cost or fair value of the asset can be measured reliably.

Internally generated intangible assets are subject to strict recognition criteria before they are capitalised. Research expenditure is never capitalised, while development expenditure is only capitalised to the extent that:

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:

- it is technically feasible to complete the asset so that it will be available for use or sale.
- there is an intention to complete and use or sell it.
- there is an ability to use or sell it.
- it will generate probable future economic benefits or service potential.
- there are available technical, financial and other resources to complete the development and to use or sell the asset.
- the expenditure attributable to the asset during its development can be measured reliably.

Internally generated brands, mastheads, publishing titles, customer lists and items similar in substance is not recognised as intangible assets

The economic entity assesses the probability of expected future economic benefits or service potential using reasonable and supportable assumptions that represent management's best estimate of the set of economic conditions that will exist over the useful life of the asset.

Intangible assets are initially recognised at cost. Where an intangible asset is acquired through a non-exchange transaction, its initial cost at the date of acquisition is measured at its fair value as at that date.

Subsequent measurement

Intangible assets are subsequently carried at cost less accumulated amortisation and impairments. The cost of an intangible asset is amortised over the useful life where that useful life is finite. Where the useful life is indefinite, the asset is not amortised but is subject to an annual impairment test, and the useful life is reviewed at each reporting date, if the useful life has changed from indefinite and definite, it is treated as a change in accounting estimate in Statement of Financial Performance.

Amortisation

The municipality assesses whether the useful life of an intangible asset is finite or indefinite and, if finite, the length of, or number of production or similar units constituting, that useful life. An intangible asset shall be regarded as having an indefinite useful life when, based on an analysis of all of the relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows for, or provide service potential to the municipality.

The useful life of an intangible asset that arises from binding arrangements (including rights from contracts) shall not exceed the period of the binding arrangement, but may be shorter depending on the period over which the entity expects to use the asset. If the binding arrangements (including rights from contracts) are conveyed for a limited term that can be renewed, the useful life of the intangible asset shall include the renewal period(s) only if there is evidence to support renewal by the municipality without significant cost.

Amortisation is charged so as to write off the cost of intangible assets over their estimated useful lives using the straight line method. The amortisation rates are based on the following estimated average asset lives.

Item
Servitudes
Licenses and franchises
Computer software

Useful life
Not depreciated
1 - 3 years
5 - 20 years

Auditor General's Office
Municipal Business Unit

City of Mbombela

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Audited Consolidated Annual Financial Statements for the year ended 30 June 2019

Accounting Policies

1.5 Intangible assets (continued)

Further detail on the useful lives of the categories of assets can be obtained from the assets management policy, available for inspection at our offices.

Each item of intangible asset is amortised separately. Rights consist mainly of servitude's. Rights are not amortised as they have an indefinite useful life. A servitude right is granted to the Municipality for an indefinite period. The life of the servitude will remain in force as the Municipality exercises its rights under such servitude's.

The depreciable amount of an intangible asset with a finite useful life is allocated on a systematic basis over its useful life. Amortisation begins when the asset is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Amortisation shall cease at the date that the asset is derecognised. The amortisation charge for each period shall be recognised in surplus or deficit unless this or another Standard permits or requires it to be included in the carrying amount of another asset.

The residual value of an intangible asset with a finite useful life is assumed to be zero unless:

(a) there is a commitment by a third party to acquire the asset at the end of its useful life; or

(b) there is an active market for the asset and:

- residual value can be determined by reference to that market; and
- it is probable that such a market will exist at the end of the asset's useful life

The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at each reporting date and any changes are recognised prospectively as a change in accounting estimate in the Statement of Financial Performance.

An intangible asset with an indefinite useful life shall not be amortised. The useful life of an intangible asset that is not being amortised shall be reviewed each reporting period to determine whether events and circumstances continue to support an indefinite useful life assessment for that asset. If they do not, the change in the useful life assessment from indefinite to finite shall be accounted for as a change in an accounting estimate in accordance with the Standard of GRAP on Accounting Policies, Changes in Accounting Estimates and Errors.

Derecognition

Intangible assets are derecognised when the asset is disposed of or when there are no further economic benefit or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an intangible asset is determined as the difference between the sales proceeds and the carrying value and is recognised in the statement of financial position.

1.6 Investment property

Investment property is property (land or a building - or part of a building - or both) held to earn rentals or for capital appreciation or both, rather than for:

- use in the production or supply of goods or services or for
- administrative purposes, or
- sale in the ordinary course of operations.

Owner-occupied property is property held for use in the production or supply of goods or services or for administrative purposes.

Initial recognition and measurement

Investment property is recognised as an asset when, it is probable that the future economic benefits or service potential that are associated with the investment property will flow to the economic entity, and the cost or fair value of the investment property can be measured reliably.

At initial recognition, the economic entity measures investment property at cost including transaction costs once it meets the definition of investment property. However, where an investment property was acquired through a non-exchange transaction (i.e. where it acquired the investment property for no or a nominal value), its cost is its fair value as at the date of acquisition. The cost of self-constructed investment property is the cost at date of completion.

City of Mbombela

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Audited Consolidated Annual Financial Statements for the year ended 30 June 2019

Accounting Policies

1.6 Investment property (continued)

Subsequent measurement

Costs include costs incurred initially and costs incurred subsequently to add to, or to replace a part of, or service a property. If a replacement part is recognised in the carrying amount of the investment property, the carrying amount of the replaced part is derecognised.

Investment property is subsequently measured using the cost model. Under the cost, Investment property is carried at cost less accumulated depreciation and any accumulated impairment losses.

Transfers to, or from, investment property is made when, and only when, there is a change in use, evidenced by:

- commencement of owner-occupation, for a transfer from investment property to owner-occupied property;
- commencement of development with a view to sale, for a transfer from investment property to inventories;
- end of owner-occupation, for a transfer from owner-occupied property to investment property; or
- commencement of an operating lease (on a commercial basis) to another party, for a transfer from inventories to investment property

Depreciation

Depreciation is calculated on the depreciable amount, using the straightline method over the estimated useful lives of the assets. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The annual depreciation rates are based on the following estimated average asset lives.

Item	Useful life
Property - land	indefinite
Property - buildings	15 - 30 years

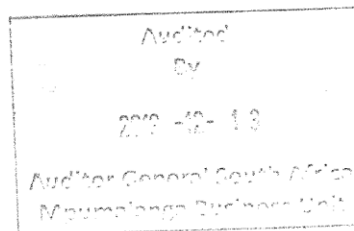
Further detail on the useful lives of the categories of assets is detailed on the assets management policy, available for inspection at our offices.

Derecognition

An investment property is derecognised on disposal including disposal through non-exchange transactions or when the investment property is permanently withdrawn from use and no future economic benefits or service potential are expected from its disposal.

Compensation from third parties for investment property that was impaired, lost or given up is recognised in surplus or deficit when the compensation becomes receivable.

Gains or losses arising from the retirement or disposal of investment property is determined as the difference between the net disposal proceeds and the carrying amount of the asset and is recognised in the Statement of Financial Performance.



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Audited Consolidated Annual Financial Statements for the year ended 30 June 2019

Accounting Policies

1.7 Heritage assets

Initial recognition and measurement

Heritage assets are assets that have a cultural, environmental, historical, natural, scientific, technological or artistic significance and are held indefinitely for the benefit of present and future generations.

The economic entity recognises a heritage asset as an asset if it is probable that future economic benefits or service potential associated with the asset will flow to the municipality, and the cost or fair value of the asset can be measured reliably.

The economic entity holds an asset that might be regarded as a heritage asset but on initial recognition, it does not meet the recognition criteria of a heritage asset because it cannot be reliably measured, relevant and useful information about the asset shall be disclosed in the notes to the financial statements.

The economic entity uses judgment to assess the degree of certainty attached to the flow of future economic benefits or service potential that are attributable to the heritage asset on the basis of the evidence available at the time of initial recognition.

An asset that has met the recognition requirement criteria for heritage assets shall be measured at its cost if such an asset has been acquired through an exchange transaction.

Where a heritage asset is acquired through a non-exchange transaction, its cost is measured at its fair value as at the date of acquisition.

The cost of the heritage asset is the cash price equivalent at the recognition date. If the payment is deferred beyond normal credit terms, the difference between the cash price equivalent and the total payment is recognised as interest over the period of credit, unless such interest is recognised in the carrying amount of the heritage asset in accordance with the standard of GRAP on borrowing costs.

Costs incurred to enhance or restore the heritage asset to preserve its indefinite useful life is capitalised as part of its cost. Such costs is recognised in the carrying amount of the heritage asset as incurred, when the recognition criteria is met.

An asset that has met the recognition requirement criteria for heritage assets shall be measured at its cost if such an asset has been acquired through an exchange transaction.

Subsequent measurement

After recognition as an asset, a class of heritage assets is carried at its cost less any accumulated impairment losses. Heritage assets are not depreciated due to its nature however the economic entity assess at each reporting date whether there are indications of impairment and, if any, impairment exists, the economic entity estimates the recoverable amount or recoverable service amount of the heritage asset.

Impairment

The economic entity assess at each reporting date whether there is an indication that it may be impaired. If any such indication exists, the economic entity estimates the recoverable amount or the recoverable service amount of the heritage asset.

Transfers

Transfers from heritage assets are only made when the particular asset no longer meets the definition of a heritage asset. Transfers to heritage assets are only made when the asset meets the definition of a heritage asset.

Derecognition

The economic entity derecognises heritage asset on disposal, or when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss arising from the derecognition of a heritage asset is included in surplus or deficit when the item is derecognised (unless the Standard of GRAP on leases requires otherwise on a sale and leaseback).

Compensation from third parties for heritage assets that have been impaired, lost or given up, shall be included in surplus or deficit when the compensation becomes receivable.

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1.8 Inventories

Inventories are assets:

- (a) in the form of materials or supplies to be consumed in the production process.
- (b) in the form of materials or supplies to be consumed or distributed in the rendering of services.
- (c) held for sale or distribution in the ordinary course of operations.
- (d) in the process of production for sale or distribution

Initial recognition and measurement

Inventories are recognised as an asset if it is probable that future economic benefits or service potential associated with the item will flow to the Municipality and the cost of the inventories can be measured reliably.

Inventories that qualify for recognition as assets are initially recognised at cost. The cost of inventories comprises of all costs purchase cost of conversion and other costs incurred in bringing the inventories to its present location and condition. Where inventory is manufactured, constructed or produced, the cost includes the cost of labour, materials and overheads used during the manufacturing process.

When inventories are acquired through a non-exchange transaction, its cost shall be measured at its fair value as at the date of acquisition.

Subsequent measurement

Inventories, consisting of consumable stores, raw materials, work-in-progress and finished goods, are measured at the lower of cost and net realisable value unless they are to be distributed at no or nominal charge or to be consumed in the production process of goods to be distributed at no charge or for a nominal charge, in which case they are measured at the lower of cost and current replacement cost.

Net realisable value is the estimated selling price in the ordinary course of operations less the estimated costs of completion and the estimated costs necessary to make the sale, exchange or distribution.

Redundant and slow-moving inventories are identified and written down in this way. Differences arising on the valuation of inventory are recognised in the Statement of Financial Performance in the year in which they arose. The amount of any reversal of any write-down of inventories arising from an increase in net realisable value or current replacement cost is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

When inventories are sold, the carrying amounts of those inventories are recognised as an expense in the period in which the related revenue is recognised. If there is no related revenue, the expenses are recognised when the goods are distributed, or related services are rendered. The amount of any write-down of inventories to net realisable value or current replacement cost and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value or current replacement cost, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

In general, the basis of allocating cost to inventory items is the first-in, first-out method or the weighted average method.

1.9 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one economic entity and a financial liability or a residual interest of another municipality.

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, and minus any reduction (directly or through the use of an allowance account) for impairment or uncollectibility.

A concessionary loan is a loan granted to or received by an economic entity on terms that are not market related.

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

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1.9 Financial instruments (continued)

A derivative is a financial instrument or other contract with all three of the following characteristics:

- Its value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract (sometimes called the 'underlying').
- It requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors.
- It is settled at a future date.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability (or group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, an economic entity shall estimate cash flows considering all contractual terms of the financial instrument (for example, prepayment, call and similar options) but shall not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate (see the Standard of GRAP on Revenue from Exchange Transactions), transaction costs, and all other premiums or discounts. There is a presumption that the cash flows and the expected life of a group of similar financial instruments can be estimated reliably. However, in those rare cases when it is not possible to reliably estimate the cash flows or the expected life of a financial instrument (or group of financial instruments), the economic entity shall use the contractual cash flows over the full contractual term of the financial instrument (or group of financial instruments).

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction.

A financial asset is:

- cash;
- a residual interest of another economic entity; or
- a contractual right to:
 - receive cash or another financial asset from another economic entity; or
 - exchange financial assets or financial liabilities with another economic entity under conditions that are potentially favourable to the economic entity.

A financial liability is any liability that is a contractual obligation to:

- deliver cash or another financial asset to another economic entity; or
- exchange financial assets or financial liabilities under conditions that are potentially unfavourable to the economic entity.

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Liquidity risk is the risk encountered by an economic entity in the event of difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

Loan commitment is a firm commitment to provide credit under pre-specified terms and conditions.

Loans payable are financial liabilities, other than short-term payables on normal credit terms.

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

A financial asset is past due when a counterparty has failed to make a payment when contractually due.

A residual interest is any contract that manifests an interest in the assets of an economic entity after deducting all of its liabilities. A residual interest includes contributions from owners, which may be shown as:

- equity instruments or similar forms of unissued capital;
- a formal designation of a transfer of resources (or a class of such transfers) by the parties to the transaction as forming part of an economic entity's net assets, either before the contribution occurs or at the time of the contribution; or
- a formal agreement, in relation to the contribution, establishing or increasing an existing financial interest in the net assets of an economic entity.

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1.9 Financial instruments (continued)

Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or financial liability. An incremental cost is one that would not have been incurred if the economic entity had not acquired, issued or disposed of the financial instrument.

Financial instruments at amortised cost are non-derivative financial assets or non-derivative financial liabilities that have fixed or determinable payments, excluding those instruments that:

- the economic entity designates at fair value at initial recognition; or
- are held for trading.

Financial instruments at cost are investments in residual interests that do not have a quoted market price in an active market, and whose fair value cannot be reliably measured.

Financial instruments at fair value comprise financial assets or financial liabilities that are:

- derivatives;
- combined instruments that are designated at fair value;
- instruments held for trading. A financial instrument is held for trading if:
 - it is acquired or incurred principally for the purpose of selling or repurchasing it in the near-term; or
 - on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short term profit-taking;
 - non-derivative financial assets or financial liabilities with fixed or determinable payments that are designated at fair value at initial recognition; and
 - financial instruments that do not meet the definition of financial instruments at amortised cost or financial instruments at cost.

Initial recognition

The economic entity recognises a financial asset or a financial liability in its statement of financial position when the economic entity becomes a party to the contractual provisions of the instrument. Financial assets are recognised through the application of trade date accounting.

Upon initial recognition the Municipality classifies financial instruments or their component parts as financial liabilities, financial assets or residual interests in conformity with the substance of the contractual arrangement and to the extent that the instrument satisfies the definitions of a financial liability, a financial asset or a residual interest.

The economic entity measures financial instruments that are designated at fair value on recognition at its fair value at the date of recognition. Financial Instruments designated at amortised cost and those designated at cost are initially measured, at the date of recognition, at its fair value plus transaction costs directly attributable to the acquisition or issue of the instrument.

The classification of financial assets depends on their nature and purpose, and is determined at the date of initial recognition.

Initial measurement of financial assets and financial liabilities

The economic entity measures a financial asset and financial liability initially at its fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

The economic entity measures a financial asset and financial liability initially at its fair value [if subsequently measured at fair value].

The economic entity first assesses whether the substance of a concessionary loan is in fact a loan. On initial recognition, the economic entity analyses a concessionary loan into its component parts and accounts for each component separately. The economic entity accounts for that part of a concessionary loan that is:

- a social benefit in accordance with the Framework for the Preparation and Presentation of Financial Statements, where it is the issuer of the loan; or
- non-exchange revenue, in accordance with the Standard of GRAP on Revenue from Non-exchange Transactions (Taxes and Transfers), where it is the recipient of the loan.

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Accounting Policies

1.9 Financial instruments (continued)

Subsequent measurement of financial assets and financial liabilities

The economic entity measures all financial assets and financial liabilities after initial recognition using the following categories:

- Financial instruments at fair value.
- Financial instruments at amortised cost.
- Financial instruments at cost.

Fair value measurement considerations

The best evidence of fair value is quoted prices in an active market. If the market for a financial instrument is not active, the economic entity establishes fair value by using a valuation technique. The objective of using a valuation technique is to establish what the transaction price would have been on the measurement date in an arm's length exchange motivated by normal operating considerations. Valuation techniques include using recent arm's length market transactions between knowledgeable, willing parties, if available, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models. If there is a valuation technique commonly used by market participants to price the instrument and that technique has been demonstrated to provide reliable estimates of prices obtained in actual market transactions, the entity uses that technique.

The chosen valuation technique makes maximum use of market inputs and relies as little as possible on entity-specific inputs. It incorporates all factors that market participants would consider in setting a price and is consistent with accepted economic methodologies for pricing financial instruments. Periodically, an economic entity calibrates the valuation technique and tests it for validity using prices from any observable current market transactions in the same instrument (i.e. without modification or repackaging) or based on any available observable market data.

The fair value of a financial liability with a demand feature (e.g. a demand deposit) is not less than the amount payable on demand, discounted from the first date that the amount could be required to be paid.

Financial assets

Financial assets at fair value

These comprise of non-derivative financial assets with fixed or determinable payments. Subsequent to initial recognition such assets are measured at amortised cost using the effective interest method less any impairment and/or plus reversal of impairment.

Financial assets at amortised cost

These comprise of financial assets held for trading, derivative financial assets, non-derivative financial assets designated at fair value and investments in residual interest for which fair value can be measured reliably. Subsequent to initial recognition all changes to fair value are recognised through the statement of financial performance.

Financial assets at cost

These comprise of investments in residual interest that does not have a quoted market price in an active market and the fair value cannot be measured reliably. Subsequent to initial recognition such investments are measured at its carrying amount less any impairment.

Impairment of financial assets

Financial assets other than those held at fair value are assessed for impairment at the end of each reporting period. Impairment is considered when there is objective evidence that, as a result of events occurred after initial recognition of the asset, the expected value to be derived from the asset have been materially reduced. The economic entity recognise impairment losses or impairment reversals in the statement of financial performance during the financial year in which the loss or reversal occurred.

Financial assets are derecognised when rights to receive cash flows from an asset have expired or have been transferred to another party or the economic entity loses control of contractual rights such that the economic entity no longer retain significant risks and rewards associated with ownership.

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Accounting Policies

1.9 Financial instruments (continued)

Accounts receivables

Receivables are initially recognised at its fair value. Bad debts are written off in the year in which they are identified as irrecoverable, subject to approval by appropriate delegated authority. Amounts receivable within 12 months from the date of reporting are classified as current. A provision for impairment of receivables is established when there is objective evidence that the Municipality will not be able to collect all amounts due according to the initial terms receivables. The amount of the provision is that difference between the asset's carrying amount and its present value of estimated future cash flows, discounted at the initial effective interest rate. An estimate of doubtful debts is made at the end of each reporting period taking in to consideration past default experiences. Interest is charged on overdue amounts.

Cash and cash equivalents

Cash and cash equivalents are measured at amortised cost. Cash includes cash on hand and cash with banks. Cash equivalents are short-term highly liquid investments that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value.

For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand and deposits held on call with banks.

Financial liabilities

Trade and other payables

After initial recognition, the economic entity measures all financial liabilities, including payables at amortised cost using the effective interest rate method. Financial liabilities include borrowings, other non-current liabilities and payables and exclude provisions. Finance charges, including premiums payable, are accounted for on an accrual basis.

Gains and losses

The economic entity recognise gain or loss arising from a change in the fair value of a financial asset or financial liability measured at fair value is recognised in surplus or deficit. For financial assets and financial liabilities measured at amortised cost or cost, a gain or loss is recognised in surplus or deficit when the financial asset or financial liability is derecognised or impaired, or through the amortisation process.

Derecognition

Financial assets

Financial assets are derecognised when rights to receive cash flows from an asset have expired or have been transferred to another party or the economic entity loses control of contractual rights such that the economic entity no longer retain significant risks and rewards associated with ownership.

Financial liabilities

Financial liabilities are derecognised when the obligation specified in the contract is discharged or cancelled or when it expires.

1.10 Provisions and contingencies

Provisions are recognised when:

- the economic entity has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date. Where the effect of time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation. The discount rate is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

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Accounting Policies

1.10 Provisions and contingencies (continued)

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required, to settle the obligation.

Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur. Gains from the expected disposal of assets are not taken into account in measuring a provision. Provisions are not recognised for future operating losses. The present obligation under an onerous contract is recognised and measured as a provision.

Subsequent changes in the measurement of provisions relating to rehabilitation of landfill sites as a result of change in estimated cash flows required to settle the obligation will result in increased carrying amounts of the landfill sites to which the provision relates. The adjusted depreciable amount of the landfill sites will be depreciated over the remaining useful life of the landfill site. Once the landfill site has reached the end of its useful life, all subsequent changes in the value of the liability will be recognised in the statement of financial performance.

Decommissioning, restoration and similar liability

Changes in the measurement of an existing decommissioning, restoration and similar liability that result from changes in the estimated timing or amount of the outflow of resources embodying economic benefits or service potential required to settle the obligation, or a change in the discount rate, is accounted for as follows:

If the related asset is measured using the cost model:

- changes in the liability is added to, or deducted from, the cost of the related asset in the current period.
- the amount deducted from the cost of the asset does not exceed its carrying amount. If a decrease in the liability exceeds the carrying amount of the asset, the excess is recognised immediately in surplus or deficit.
- if the adjustment results in an addition to the cost of an asset, the entity consider whether this is an indication that the new carrying amount of the asset may not be fully recoverable. If there is such an indication, the entity test the asset for impairment by estimating its recoverable amount or recoverable service amount, and account for any impairment loss, in accordance with the accounting policy on impairment of assets as described in accounting policy 1.21 and 1.22.

The adjusted depreciable amount of the asset is depreciated over its useful life. Therefore, once the related asset has reached the end of its useful life, all subsequent changes in the liability is recognised in surplus or deficit as they occur. This applies under both the cost model and the revaluation model.

The periodic unwinding of the discount is recognised in surplus or deficit as a finance cost as it occurs.

The economic entity does not recognise a contingent liability or contingent asset. A contingent liability is disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is disclosed where an inflow of economic benefits is probable.

A contingent liability is a possible obligation whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Municipality

1.11 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

Lease classification is made at the inception of the lease.

Finance leases - lessor

The economic entity recognises finance lease receivables as assets on the statement of financial position. Such assets are presented as a receivable at an amount equal to the net investment in the lease.

Finance revenue is recognised based on a pattern reflecting a constant periodic rate of return on the economic entity's net investment in the finance lease.

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1.11 Leases (continued)

Finance leases - lessee

The economic entity recognise assets acquired under finance leases as assets and the associated lease obligations as liabilities in the statement of financial position. The assets and liabilities are recognised at amounts equal to the fair value of the leased property or if lower the present value of the minimum lease payments as determined at inception of the lease. The discount rate to be used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease, if it is practicable to determine however if not, the incremental borrowing rate shall be used. Any initial direct costs of the economic entity are added to the amount recognised as an asset.

Subsequent to initial recognition, the leased assets are accounted for in accordance with the stated accounting policies applicable to property, plant, equipment or intangibles. The lease liability is reduced by the lease payments, which are allocated between the lease finance expenses and the capital repayment using the effective interest rate method. Lease finance expenses are expensed when incurred. The accounting policies relating to derecognition of financial instruments are applied to lease payables. The lease asset is depreciated over the shorter of the asset's useful life or the lease term.

Operating leases - lessor

Assets subject to operating leases are presented in the statement of financial position according to the nature of the asset.

Lease revenue from operating leases is recognised as revenue on a straight-line basis over the lease term.

Initial direct costs incurred by the economic entity in negotiating and arranging an operating lease is added to the carrying amount of the leased asset and recognised as expenses over the lease term on the same basis as the lease revenue.

Operating leases - lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability.

1.12 Revenue from exchange transactions

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners.

An exchange transaction is one in which the municipality receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services or use of assets) to the other party in exchange.

Revenue from exchange transactions refers to revenue that accrued to the economic entity directly in return for services rendered / goods sold, the value of which approximates the consideration received or receivable.

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.

Measurement

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.

Sale of goods

Revenue from the sale of goods shall be recognised when all the following conditions have been satisfied:

- the entity has transferred to the purchaser the significant risks and rewards of ownership of the goods;
- the entity retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the entity; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably

Revenue from the sale of even is recognised when all conditions associated with the deed of sale have been met.

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1.12 Revenue from exchange transactions (continued)

Service charges

Service charges relating to electricity and water which are based on consumption are metered and an estimate of consumption between the latest meter reading and the reporting date shall be recognised when:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the economic entity.

Meters are read on a monthly basis and the revenue is recognised when invoiced. Provisional estimates of consumptions are made monthly when meter readings have not been performed and are recognised as revenue when invoiced. Adjustments to provisional estimates of consumption are made then recognised in the statement of financial performance in the invoicing period in which meters have been read. In respect of estimates of consumption between the last reading date and the reporting date, an accrual is made based on the average monthly consumption of consumers.

Revenue from the sale of electricity prepaid meter credit is recognised at the point of sale. An adjustment for an unutilised portion is made at year-end, based on average consumption history.

Service charges relating to refuse removal are recognised on a monthly basis by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage and are levied monthly based on the number of refuse containers on each property, regardless of whether or not containers are emptied during the month.

Service charges from sewerage and sanitation are based on the size of the property, number of dwellings on each property and connection, using the tariffs approved by Council and are levied monthly.

Revenue from rental of facilities and equipment is recognised on a straight-line basis over the term of the lease agreement.

Interest

Revenue arising from the use by others of entity assets yielding interest, royalties and dividends or similar distributions is recognised when:

- It is probable that the economic benefits or service potential associated with the transaction will flow to the economic entity, and
- The amount of the revenue can be measured reliably.

Interest is recognised in the statement of financial performance using the effective interest rate method.

Agency services

Income for agency services is recognised on a monthly basis once the income collected on behalf of agents has been quantified. The revenue recognised by the economic entity is in terms of the agency agreement and is limited to the amount of any fee or commission payable to the economic entity as compensation for executing the agreed services.

Collection charges are recognised when such amounts are incurred.

1.13 Revenue from non-exchange transactions

Revenue from non-exchange transactions refers to transactions between one or more parties where the economic entity received revenue from another economic entity without directly giving approximately equal value in exchange. Revenue from non-exchange transaction is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and satisfy the recognition criteria.

An inflow of resources from non-exchange transaction that meets the definition of an asset is recognised as an asset when it is probable that future economic benefits or service potential associated with the asset will flow to the economic entity and the fair value of the asset can be measured reliably.

Revenue from non-exchange transactions is measured at the amount of the increase in net assets recognised.

An asset acquired through a non-exchange transaction is initially measured at fair value as at the date of acquisition.

The taxable event is the event that the government, legislature or other authority has determined will be subject to taxation.

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1.13 Revenue from non-exchange transactions (continued)

Taxes are economic benefits or service potential compulsorily paid or payable to entities, in accordance with laws and or regulations, established to provide revenue to government. Taxes do not include fines or other penalties imposed for breaches of the law.

Transfers are inflows of future economic benefits or service potential from non-exchange transactions, other than taxes.

Taxes

Taxes are economic benefits or service potential compulsory paid or payable to the Municipality, in accordance with the laws and or regulations, established to provide revenue to the Municipality. Taxes do not include fines or other penalties imposed for breaches of the law.

The economic entity recognises an asset in respect of taxes when the taxable event occurs and the asset recognition criteria are met.

Property rates

Revenue from property rates is recognised when the legal entitlement to this revenue arises. Rebates are respectively granted, to owners of land on which not more than two dwelling units are erected provided that such dwelling units are solely used for residential purposes. Additional relief is granted to needy, aged and/or disabled owners, based on income. The rebates granted are deducted from revenue.

Property rates revenue is recognised once a rates account has been issued to ratepayers. Adjustments or interim rates are recognised once the municipal valuer has valued the change to properties.

Transfers

Transfers are inflows of future economic benefits or service potential from non-exchange transactions other than taxes.

The economic entity recognises an asset in respect of transfers when the transferred resources meet the definition of an asset and satisfy the criteria for recognition as an asset.

Fines

Fines are economic benefits or service potential received or receivable to the economic entity from an individual or another economic entity, as determined by a court or other law enforcement body, as a consequence of the individual or another economic entity breaching the requirements of laws and regulations. Control of the traffic fine is demonstrated through the existence of an enforceable claim.

Fines constitute notices of intended prosecution- section 341 spot fines and written notices (summonses- section 56 of the Criminal Procedures Act, 51 of 1977).

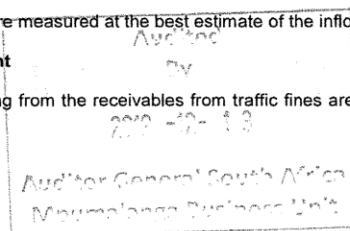
Initial recognition and measurement

Fines are recognised as revenue when the receivable meets the definition of an asset and satisfies the criteria for recognition of an asset.

Assets arising from fines are measured at the best estimate of the inflow of resources to the economic entity.

Subsequent measurement

Subsequently assets arising from the receivables from traffic fines are impaired based on the collection trends of the previous financial years.



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1.13 Revenue from non-exchange transactions (continued)

Government grants and donations

Government Grants can be in the form of grants to acquire or construct fixed assets (capital grants), grants for the furtherance of national and provincial government policy objectives and general grants to subsidise the cost incurred by municipalities rendering services.

Capital grants and general grants for the furtherance of government policy objectives are usually restricted revenue in that stipulations are imposed in their use.

Conditional grants, donations and funding were recognised as revenue in the Statement of Financial Performance to the extent that the Municipality has complied with any criteria, conditions or obligations embodied in the agreement/arrangement. To the extent that the criteria, conditions and obligations have not been met a liability is raised in the Statement of Financial Position. Unconditional grants, donations and funding are recognised as revenue in the Statement of Financial Position at the earlier of the date of receipt or when the amount is receivable.

Contributed assets are recognised at fair value when the risks and rewards associated with such asset transfer to the economic entity.

Services in-kind

Except for financial guarantee contracts, the economic entity recognise services in-kind that are significant to its operations and/or service delivery objectives as assets and recognise the related revenue when it is probable that the future economic benefits or service potential will flow to the economic entity and the fair value of the assets can be measured reliably.

Where services in-kind are not significant to the economic entity's operations and/or service delivery objectives and/or do not satisfy the criteria for recognition, the economic entity disclose the nature and type of services in-kind received during the reporting period.

Concessionary loans

Concessionary loans are loans received by entities at below market terms. The portion of the loan that is repayable, along with any interest payments, is an exchange transaction and is accounted for in accordance with the Standard of GRAP on Financial Instruments. The off-market portion of the loan is a non-exchange transaction and is accounted for in accordance with this Standard.

The off-market portion of the loan that is recognised as non-exchange revenue is calculated as the difference between the proceeds received from the loan, and the present value of the contractual cash flows of the loan, discounted using a market related rate of interest. The recognition of revenue is determined by the nature of any conditions that exist in the loan agreement that may give rise to a liability. Where a liability exists the municipality recognises revenue as and when it satisfies the conditions of the loan agreement.

1.14 Borrowing costs

Borrowing costs are interest and other expenses incurred by the economic entity in connection with the borrowing of funds.

The economic entity recognise all borrowing costs as an expense in the period in which they are incurred.

1.15 Employee benefits

Employee benefits are all forms of consideration given by a Economic Entity in exchange for service rendered by employees.

Termination benefits are employee benefits payable as a result of either:

- an Economic Entity's decision to terminate an employee's employment before the normal retirement date; or
- an employee's decision to accept voluntary redundancy in exchange for those benefits.

Other long-term employee benefits are employee benefits (other than post-employment benefits and termination benefits) that are not due to be settled within twelve months after the end of the period in which the employees render the related service.

Vested employee benefits are employee benefits that are not conditional on future employment.

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Accounting Policies

1.15 Employee benefits (continued)

Composite social security programmes are established by legislation and operate as multi-employer plans to provide post-employment benefits as well as to provide benefits that are not consideration in exchange for service rendered by employees.

A constructive obligation is an obligation that derives from an Economic Entity's actions where by an established pattern of past practice, published policies or a sufficiently specific current statement, the Economic Entity has indicated to other parties that it will accept certain responsibilities and as a result, the Economic Entity has created a valid expectation on the part of those other parties that it will discharge those responsibilities.

Short-term employee benefits

Short-term employee benefits are employee benefits (other than termination benefits) that are due to be settled within twelve months after the end of the period in which the employees render the related service.

When an employee has rendered service to the entity during a reporting period, the entity recognise the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service:

- as a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the Economic Entity recognise that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- as an expense, unless another Standard requires or permits the inclusion of the benefits in the cost of an asset.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs. The Economic Entity measure the expected cost of accumulating compensated absences as the additional amount that the entity expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The Municipality recognise the expected cost of bonus, incentive and performance related payments when the Economic Entity has a present legal or constructive obligation to make such payments as a result of past events and a reliable estimate of the obligation can be made. A present obligation exists when the entity has no realistic alternative but to make the payments.

The cost of short-term employee benefits, which include salaries and wages, short-term compensated absences, non-monetary benefits such as medical aid and performance plans, are expensed in the Statement of Financial Performance in the financial year during which the payment is made.

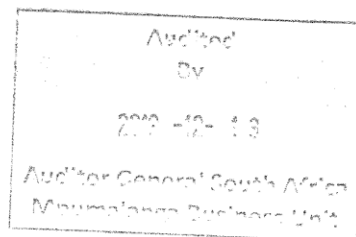
Liabilities for short-term employee benefits that are unpaid at year-end are measured at the undiscounted amount that the Municipality is expected to pay in exchange for that service that had accumulated at the reporting date.

Post-employment benefits

The Municipality provides post employment benefits for its employees and councillors. These benefits are provided as either defined contribution plans or defined benefit plans.

Post-employment benefits are employee benefits (other than termination benefits) which are payable after the completion of employment.

Post-employment benefit plans are formal or informal arrangements under which a Municipality provides post-employment benefits for one or more employees.



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Accounting Policies

1.15 Employee benefits (continued)

Post-employment benefits: Defined benefit plans

Defined benefit plans are post-employment benefit plans other than defined contribution plans.

The economic entity provide post employment medical care benefits to retired employees and their legitimate spouses. The entitlement to post employment medical benefits is based on employees remaining in service up to retirement age and the completion of a minimum service period. The expected cost, of these benefits is accrued over the period of employment.

Pursuant to the economic entity's obligation to fund the post-employment benefits provided through a defined benefit plan, the Municipality recognises a defined benefit obligation or asset with reference to the fund's financial position. To the extent that the future benefits payable under the fund exceeds the value assets held to finance those benefits, the economic entity recognises as defined benefit obligation. To the extent that the value of plan assets exceeds the future benefits payable by the fund the economic entity recognises as defined benefit asset.

The defined benefit asset or obligation recognised is recognised as the net difference between the value of the plan assets and plan liabilities and also taking past service cost into consideration.

Actuarial valuations are conducted on an annual basis by independent actuaries for each plan.

Actuarial gains and losses comprise experience adjustments (the effect of differences between the previous actuarial assumptions and what has actually occurred) and the effects of changes in the actuarial assumptions. Actuarial gains and losses are recognised in full in the Statement of Financial Performance in the year that they occur.

Current service cost is the increase in the present value of the defined benefit obligation resulting from employee service in the current period.

Past service cost is the change in the present value of the defined benefit obligation for employee service in prior periods, resulting in the current period from the introduction of, or changes to, post-employment benefits or other long-term employee benefits. Past service cost may be either positive (when benefits are introduced or changed so that the present value of the defined benefit obligation increases) or negative (when existing benefits are changed so that the present value of the defined benefit obligation decreases). In measuring its defined benefit liability the Municipality recognise past service cost as an expense in the reporting period in which the plan is amended.

Where the Economic Entity reduces benefits payable under an existing defined benefit plan, the resulting reduction in the defined benefit liability is recognised as (negative) past service cost in the reporting period in which the plan is amended.

Where the Economic Entity reduces certain benefits payable under an existing defined benefit plan and, at the same time, increases other benefits payable under the plan for the same employees, the Economic Entity treats the change as a single net change.

Interest cost is the increase during a period in the present value of a defined benefit obligation which arises because the benefits are one period closer to settlement.

The amount recognised as a defined benefit liability is the net total of the following amounts:

- the present value of the defined benefit obligation at the reporting date;
- minus the fair value at the reporting date of plan assets (if any) out of which the obligations are to be settled directly;
- plus any liability that may arise as a result of a minimum funding requirement.

The Economic Entity recognises the net total of the following amounts in surplus or deficit, except to the extent that another Standard requires or permits their inclusion in the cost of an asset:

- current service cost;
- interest cost;
- the expected return on any plan assets and on any reimbursement rights;
- actuarial gains and losses;
- past service cost;
- the effect of any curtailments or settlements; and
- the effect of applying the limit on a defined benefit asset (negative defined benefit liability).

The Economic Entity uses the Projected Unit Credit Method to determine the present value of its defined benefit obligations and the related current service cost and, where applicable, past service cost.

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Accounting Policies

1.15 Employee benefits (continued)

Actuarial assumptions

Actuarial assumptions are unbiased and mutually compatible.

Financial assumptions are based on market expectations, at the reporting date, for the period over which the obligations are to be settled.

The rate used to discount post-employment benefit obligations (both funded and unfunded) reflect the time value of money. The currency and term of the financial instrument selected to reflect the time value of money is consistent with the currency and estimated term of the post-employment benefit obligations.

1.16 Unauthorised expenditure

Unauthorised expenditure means overspending of a vote, expenditure that has not been budgeted for and expenditure not in terms of the conditions of an allocation received from another sphere of government, Economic Entity or organ of state. Unauthorised expenditure is accounted for as an expense in the Statement of Financial Performance and when recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

Unauthorised expenditure has been incurred during the reporting period.

1.17 Irregular expenditure

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), and the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the economic entity's supply chain management policy. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

Irregular expenditure has been incurred during the reporting period.

1.18 Fruitless and wasteful expenditure

Fruitless and wasteful expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure in the Statement of Financial Performance and when recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

Fruitless and wasteful expenditure has been incurred during the reporting period.

1.19 Value Added Tax (VAT)

The Economic Entity accounts for value added tax on the payment basis.

1.20 Budget information

The approved budget is prepared on a accrual basis and presented by economic classification linked to performance outcome objectives.

The annual budget figures have been presented in accordance with the GRAP reporting framework. A separate statement of comparison of budget and actual amounts, which forms part of the annual financial statements has been prepared. The comparison of budget and actual amount will be presented on the same accounting basis, same classification basis and for the same Economic Entity and period as for the approved budget. The budget is prepared on the accrual basis. The budget of the Economic Entity is taken for a stakeholder consultative process and upon approval, the approved budget is made publicly available.

Material differences in terms of the basis, timing or entity have been disclosed in the notes to the annual financial statements.

The most recent approved budget by Council is the final budget for the purpose of comparison with the actual amounts.

The approved budget relates to the fiscal period of 01 July 2018 to 30 June 2019.

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Accounting Policies

1.21 Impairment of cash-generating assets

Cash-generating assets are assets used with the objective of generating a commercial return. Commercial return means that positive cash flows are expected to be significantly higher than the cost of the asset.

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (amortisation).

Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

A cash-generating unit is the smallest identifiable group of assets used with the objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

Depreciation (Amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

Recoverable amount of an asset or a cash-generating unit is the higher its fair value less costs to sell and its value in use.

Useful life is either:

- the period of time over which an asset is expected to be used by the economic entity; or
- the number of production or similar units expected to be obtained from the asset by the economic entity.

Judgements made by management in applying the criteria to designate assets as cash-generating assets or non-cash-generating assets, are as follows:

[Specify judgements made]

Reversal of impairment loss

A reversal of an impairment loss for a cash-generating unit is allocated to the cash-generating assets of the unit pro rata with the carrying amounts of those assets. These increases in carrying amounts are treated as reversals of impairment losses for individual assets. No part of the amount of such a reversal is allocated to a non-cash-generating asset contributing service potential to a cash-generating unit.

In allocating a reversal of an impairment loss for a cash-generating unit, the carrying amount of an asset is not increased above the lower of:

- its recoverable amount (if determinable); and
- the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior periods.

The amount of the reversal of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit.

1.22 Impairment of non-cash-generating assets

Cash-generating assets are assets used with the objective of generating a commercial return. Commercial return means that positive cash flows are expected to be significantly higher than the cost of the asset.

Non-cash-generating assets are assets other than cash-generating assets.

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (amortisation).

Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

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Accounting Policies

1.22 Impairment of non-cash-generating assets (continued)

Value in use

Value in use of non-cash-generating assets is the present value of the non-cash-generating assets remaining service potential.

The present value of the remaining service potential of a non-cash-generating assets is determined using the following approach:

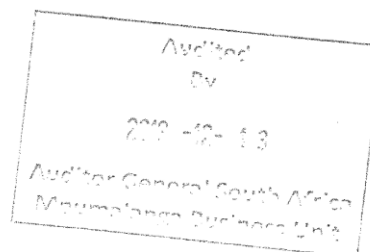
Depreciated replacement cost approach

The present value of the remaining service potential of a non-cash-generating asset is determined as the depreciated replacement cost of the asset. The replacement cost of an asset is the cost to replace the asset's gross service potential. This cost is depreciated to reflect the asset in its used condition. An asset may be replaced either through reproduction (replication) of the existing asset or through replacement of its gross service potential. The depreciated replacement cost is measured as the current reproduction or replacement cost of the asset, whichever is lower, less accumulated depreciation calculated on the basis of such cost, to reflect the already consumed or expired service potential of the asset.

The replacement cost and reproduction cost of an asset is determined on an "optimised" basis. The rationale is that the economic entity would not replace or reproduce the asset with a like asset if the asset to be replaced or reproduced is an overdesigned or overcapacity asset. Overdesigned assets contain features which are unnecessary for the goods or services the asset provides. Overcapacity assets are assets that have a greater capacity than is necessary to meet the demand for goods or services the asset provides. The determination of the replacement cost or reproduction cost of an asset on an optimised basis thus reflects the service potential required of the asset.

Restoration cost approach

Restoration cost is the cost of restoring the service potential of an asset to its pre-impaired level. The present value of the remaining service potential of the asset is determined by subtracting the estimated restoration cost of the asset from the current cost of replacing the remaining service potential of the asset before impairment. The latter cost is determined as the depreciated reproduction or replacement cost of the asset, whichever is lower.



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Accounting Policies

1.22 Impairment of non-cash-generating assets (continued)

A cash-generating unit is the smallest identifiable group of assets managed with the objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

Depreciation (Amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life.

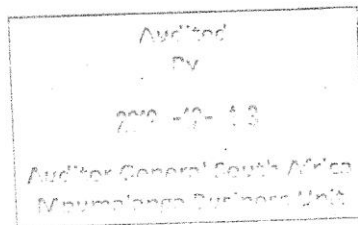
Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

Recoverable service amount is the higher of a non-cash-generating asset's fair value less costs to sell and its value in use.

Useful life is either:

- the period of time over which an asset is expected to be used by the economic entity; or
- the number of production or similar units expected to be obtained from the asset by the economic entity.

Judgements made by management in applying the criteria to designate assets as non-cash-generating assets or cash-generating assets, are as follows:



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Accounting Policies

1.22 Impairment of non-cash-generating assets (continued)

Service units approach

The present value of the remaining service potential of the asset is determined by reducing the current cost of the remaining service potential of the asset before impairment, to conform to the reduced number of service units expected from the asset in its impaired state. The current cost of replacing the remaining service potential of the asset before impairment is determined as the depreciated reproduction or replacement cost of the asset before impairment, whichever is lower.

If the recoverable service amount of a non-cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. This reduction is an impairment loss.

An impairment loss is recognised immediately in surplus or deficit to the statement of financial performance.

When the amount estimated for an impairment loss is greater than the carrying amount of the non-cash-generating asset to which it relates, the Municipality recognises a liability only to the extent that is a requirement in the Standards of GRAP.

After the recognition of an impairment loss, the depreciation (amortisation) charge for the non-cash-generating asset is adjusted in future periods to allocate the non-cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

The Economic Entity assess at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a non-cash-generating asset may no longer exist or may have decreased. If any such indication exists, the Municipality estimates the recoverable service amount of that asset.

An impairment loss recognised in prior periods for a non-cash-generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable service amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable service amount. The increase is a reversal of an impairment loss. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss for a non-cash-generating asset is recognised immediately in surplus or deficit.

After a reversal of an impairment loss is recognised, the depreciation (amortisation) charge for the non-cash-generating asset is adjusted in future periods to allocate the non-cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

Redesignation

The redesignation of assets from a cash-generating asset to a non-cash-generating asset or from a non-cash-generating asset to a cash-generating asset only occur when there is clear evidence that such a redesignation is appropriate.

1.23 Related parties

A related party is a person or an entity with the ability to control or jointly control the other party, or exercise significant influence over the other party, or vice versa, or an entity that is subject to common control, or joint control.

Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Joint control is the agreed sharing of control over an activity by a binding arrangement, and exists only when the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control (the venturers).

Related party transaction is a transfer of resources, services or obligations between the reporting entity and a related party, regardless of whether a price is charged.

Significant influence is the power to participate in the financial and operating policy decisions of an entity, but is not control over those policies.

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1.23 Related parties (continued)

Management are those persons responsible for planning, directing and controlling the activities of the economic entity, including those charged with the governance of the economic entity in accordance with legislation, in instances where they are required to perform such functions.

Close members of the family of a person are considered to be those family members who may be expected to influence, or be influenced by, that management in their dealings with the economic entity.

The economic entity is exempt from disclosure requirements in relation to related party transactions if that transaction occurs within normal supplier and/or client/recipient relationships on terms and conditions no more or less favourable than those which it is reasonable to expect the economic entity to have adopted if dealing with that individual entity or person in the same circumstances and terms and conditions are within the normal operating parameters established by that reporting entity's legal mandate.

Where the economic entity is exempt from the disclosures in accordance with the above, the economic entity discloses narrative information about the nature of the transactions and the related outstanding balances, to enable users of the entity's financial statements to understand the effect of related party transactions on its audited consolidated annual financial statements.

1.24 Grant in aid

The Economic Entity transfers funds to individuals, organisations, societies and other sectors of government from time to time in accordance with the local government prescripts.

When the transfers are made, the Municipality does not:

- receive any goods or services directly in return, as would be expected in an acquisition or sale transaction;
- expect to be repaid in future; or
- expect a financial return, as would be expected from an investment.

The transfers are recognised in the Statement of Financial Performance as expenses in the period that the event giving rise to the transfer occurred.

1.25 Changes in accounting policy, accounting estimates and correction of error

Changes in accounting policies are applied retrospectively in accordance with the requirements of Generally Recognised Accounting Practice (GRAP) 3, except to the extent that it is impractical to determine the period specific effects or the cumulative effect of the change in accounting policy. In such instances the Municipality shall restate the opening balances of assets, liabilities and net assets for the earliest period for which the retrospective restatement is practical.

Changes in accounting estimates are applied prospectively in accordance with the requirements of Generally Recognised Accounting Practice (GRAP) 3. The detailed information of the change in accounting estimates is disclosed in the notes to the annual financial statements

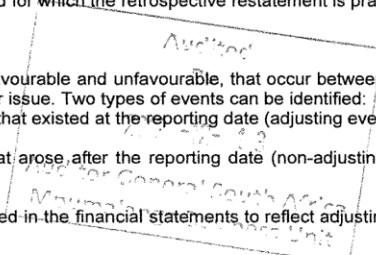
Correction of errors is applied retrospectively in the period to which the error has occurred in accordance with the requirements of Generally Recognised Accounting Practice (GRAP) 3, except to the extent that it is impractical to determine the period specific effects or the cumulative effect of the error. In such instances the Municipality shall restate the opening balances of assets, liabilities and net assets for the earliest period for which the retrospective restatement is practical.

1.26 Events after reporting date

Events after reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

The economic entity will adjust the amount recognised in the financial statements to reflect adjusting events after the reporting date.



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Accounting Policies

The Economic Entity does not adjust the amounts recognised in the audited consolidated annual financial statements to reflect non-adjusting events after the reporting date. If the Economic Entity receives information after the reporting date but before the financial statements are authorised for issue, about conditions that existed at the reporting date, the disclosure that relate to those conditions shall be updated in light of the new information.

1.27 Capital commitments

Capital commitments disclosed in the notes to the audited consolidated annual financial statements represents the balance committed to capital projects as at the reporting date which will be incurred in the period subsequent to the reporting period.

The Economic Entity discloses commitments inclusive of VAT per the commitments register.

1.28 Key sources of estimation uncertainty and judgements

The following areas involve a significant degree of estimation uncertainty:

- Useful lives and residual values of property, plant, and equipment
- Recoverable amounts and/ recoverable service amounts of property, plant and equipment
- Provision for rehabilitation of landfill sites (discount rate used)
- Present value of defined benefit obligation
- Impairment allowance/ Debt impairment
- Impairment of cash-generating and non cash-generating assets
- Provision for long service awards

The following areas involved judgements, apart from those involving estimations disclosed above, that management has made in the process of applying the Municipality's accounting policies and that have the most significant effect on the amounts recognised in the financial statements:

- Impairment of cash-generating and non cash-generating assets
- Provisions

1.29 Mergers

Identifying the combined Municipality and combining entities

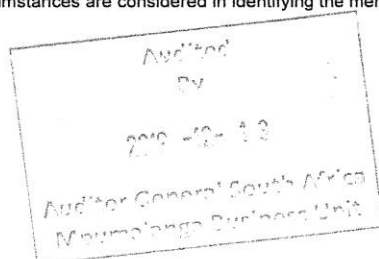
For each merger a combined economic entity and combining entities is identified. All relevant facts and circumstances are considered in identifying the combined economic entity and combining economic entity.

The binding arrangement usually sets out which entities are to be combined as a result of the merger, and identifies the new reporting economic entity after the merger.

Determining the merger date

The combined economic entity and the combining entities identify the merger date, which is the date on which the new reporting economic entity obtains control of the assets and liabilities and the combining entities loses control of their assets and liabilities.

All relevant facts and circumstances are considered in identifying the merger date.



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Accounting Policies

1.29 Mergers (continued)

Assets acquired [transferred] and liabilities assumed [derecognised]

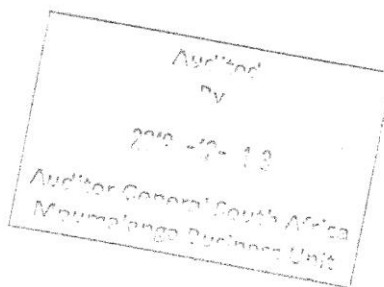
The recognition of assets and liabilities by the entity as combined entity are subject to the following conditions:

The assets and liabilities that qualify for recognition in a merger are part of what had been agreed in terms of the binding arrangement, rather than the result of separate transactions.

Other criteria for the Municipality (as the combined Municipality)

The assets and liabilities that qualify for recognition as set out in the binding arrangement meets the definitions of assets and liabilities in the Framework for the Preparation and Presentation of Financial Statements and the recognition criteria in the applicable Standards of GRAP at the merger date.

Costs that the entity expects but which the economic entity is not obliged to incur in the future to effect its plan to exit an activity of the combining entities or to terminate the employment of, or relocate the combining entities' employees, is not be accounted for as part of the liabilities at the merger date. The entity does not recognise those costs as part of a merger. Instead, the economic entity recognises these costs in its audited consolidated annual financial statements after the merger has occurred, in accordance with the applicable Standards of GRAP.



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Accounting Policies

1.29 Mergers (continued)

Accounting by the Municipality as the combined Municipality

Initial recognition and measurement

As of the merger date, the economic entity recognises all the assets acquired and liabilities assumed. The assets acquired and liabilities assumed are measured at their carrying amounts.

If, prior to the merger, a combining economic entity was not applying the accrual basis of accounting, that combining economic entity changes its basis of accounting to the accrual basis of accounting prior to the merger.

The difference between the carrying amounts of the assets acquired and the liabilities assumed is recognised in accumulated surplus or deficit.

Measurement period

If the initial accounting for a merger is incomplete by the end of the reporting period in which the merger occurs, the economic entity reports in its audited consolidated annual financial statements provisional amounts for the items for which the accounting is incomplete. During the measurement period, the economic entity retrospectively adjust the provisional amounts recognised at the merger date to reflect new information obtained about facts and circumstances that existed as of the merger date and, if known, would have affected the measurement of the amounts recognised as of that date. The measurement period ends as soon as the economic entity receives the information it was seeking about facts and circumstances that existed as of the merger date or learns that more information is not obtainable. However, the measurement period does not exceed two years from the merger date.

The economic entity considers all relevant factors in determining whether information obtained after the merger date should result in an adjustment to the provisional amounts recognised or whether that information results from events that occurred after the merger date. Relevant factors include the date when additional information is obtained and whether the economic entity can identify a reason for a change to provisional amounts.

The economic entity recognises an increase (decrease) in the provisional amount recognised for an asset (liability) by means of decreasing (increasing) the excess of the purchase consideration paid over the carrying amount of the assets acquired and liabilities assumed previously recognised in accumulated surplus or deficit.

During the measurement period, the economic entity recognises adjustments to the provisional amounts as if the accounting for the merger had been completed at the merger date. Thus, the economic entity revises comparative information for prior periods presented in audited consolidated annual financial statements as needed, including making any change in depreciation, amortisation or other income effects recognised in completing the initial accounting.

After the measurement period ends, the economic entity revises the accounting for a merger only to correct an error in accordance with the Standard of GRAP on Accounting Policies, Changes in Accounting Estimates and Errors.

Expenditure incurred in relation to the merger

Expenditures incurred in relation to the merger are costs that the entity incurs to effect the merger. These costs include advisory, legal, accounting and other professional or consulting fees, general administrative costs, costs to furnish information to owners of the combining entities, and salaries and other expenses related to services of employees involved in achieving the merger. It also includes costs or losses incurred in combining the assets and liabilities of the combining entities. The economic entity accounts for such expenditure as expenses in the period in which the costs are incurred.

Subsequent measurement

The economic entity subsequently measures any assets acquired and any liabilities assumed in a merger in accordance with the applicable Standards of GRAP.

At the merger date, the economic entity classifies or designates the assets acquired and liabilities assumed as necessary to apply other Standards of GRAP subsequently. The economic entity makes those classifications or designations on the basis of the terms of the binding arrangement, economic conditions, the operating or accounting policies and other relevant conditions as these exist at the merger date. An exception is that the economic entity classifies the following contracts on the basis of the contractual terms and other factors at the inception of the contract (or, if the terms of the contract have been modified in a manner that would change its classification, at the date of that modification, which might be the merger date):

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Accounting Policies

1.29 Mergers (continued)

- classification of a lease contract as either an operating lease or a finance lease in accordance with the Standard of GRAP on Leases; and
- classification of a contract as an insurance contract in accordance with the International Financial Reporting Standard on Insurance Contracts.

The audited consolidated annual financial statements of the economic entity are prepared using uniform accounting policies for similar transactions and other events or similar circumstances.

1.30 Transfer of functions between entities not under common control

Identifying the acquirer and acquiree

For each transfer of functions between entities not under common control one of the combining entities is identified as the acquirer. Determining the acquirer include a consideration of, amongst other things, which of the combining entities initiated the transaction or event, the relative size of the combining entities, as well as whether the assets or revenue of one of the entities involved in the transactions or event significantly exceed those of other entities. The terms and conditions of a transfer of functions undertaken between entities not under common control are set out in a binding arrangement. The binding arrangement governing the terms and conditions of a transfer of functions may identify which Municipality to the transaction or event is the combining Economic Entity and which Economic Entity is the acquirer. Determining the acquirer includes a consideration of, amongst other things, which of the combining entities involved initiated the transaction or event, the relative size of the entities, as well as whether the assets or revenue of one of the entities involved in the transaction or event significantly exceed those of the other entities. If no acquirer can be identified, the transaction or event is accounted for in terms of the Standard of GRAP on Mergers.

Determining the transfer date

The acquirer identifies the acquisition date which is the date on which it obtains control of the acquiree. The date on which the acquirer obtains control of the functions is the date on which the acquirer transfers the consideration, acquires the assets and assumes the liabilities of the acquiree as identified to in the binding arrangement.

Recognising and measuring the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquiree

As of the acquisition date, the acquirer recognise, the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquiree. Recognition of identifiable assets acquired and liabilities assumed is subject to the following conditions:

The identifiable assets acquired and liabilities assumed must meet the definitions of assets and liabilities in the Framework for the Preparation and Presentation of Financial Statements and the recognition criteria in the applicable Standards of GRAP at the acquisition date.

The identifiable assets acquired and liabilities assumed must be part of what the acquirer and the acquiree (or its former owners) agreed in the binding arrangement rather than the result of separate transactions.

The acquirer's application of the recognition principle and conditions may result in recognising some assets and liabilities that the acquiree had not previously recognised as assets and liabilities in its financial statements.

Operating leases

The acquirer shall recognise no assets or liabilities related to an operating lease in which the acquiree is the lessee

The acquirer shall determine whether the terms of each operating lease in which the acquiree is the lessee are favourable or unfavourable. The acquirer shall recognise an intangible asset if the terms of an operating lease are favourable relative to market terms and a liability if the terms are unfavourable relative to market terms.

An identifiable intangible asset may be associated with an operating lease, which may be evidenced by market participants' willingness to pay a price for the lease even if it is at market terms.

City of Mbombela

(Registration number MP326)

Audited Consolidated Annual Financial Statements for the year ended 30 June 2019

Accounting Policies

1.30 Transfer of functions between entities not under common control (continued)

Intangible assets

The acquirer shall separately recognise the identifiable intangible assets acquired in a transfer of functions. An intangible asset is identifiable if it meets either the separability criterion or the contractual-legal right criterion.

An intangible asset that meets the contractual-legal right criterion is identifiable even if the asset is not transferable or separable from the acquiree or from other rights and obligations.

An intangible asset that is not individually separable from the acquiree meets the separability criterion if it is separable in the transfer of functions with a related contract, identifiable asset or liability.

At the acquisition date, the acquirer shall classify or designate the identifiable assets acquired and liabilities assumed as necessary to apply other Standards of GRAP subsequent to the acquisition date. The acquirer shall make those classifications or designations on the basis of the terms of the binding arrangement, economic conditions, its operating or accounting policies and other relevant conditions as they exist at the acquisition date.

The acquirer shall measure the identifiable assets acquired and the liabilities assumed at their acquisition-date fair values.

Exceptions to the recognition or measurement principles

Contingent liabilities - Exception to recognition principles

The acquirer shall recognise as of the acquisition date a contingent liability assumed in a transfer of functions if it is a present obligation that arises from past events and its fair value can be measured reliably.

The acquirer recognises a contingent liability assumed in a transfer of functions at the acquisition date even if it is not probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation. Paragraph .86 provides guidance on the subsequent accounting for contingent liabilities.

Employee benefits - Exception to recognition and measurement principles

The acquirer shall recognise and measure a liability (or asset, if any) related to the acquiree's employee benefit arrangements in accordance with the Standard of GRAP on Employee Benefits.

Recognising and measuring the difference between the assets acquired and liabilities assumed and the consideration transferred (if any)

The acquirer shall recognise the difference between the assets acquired and liabilities assumed and the consideration transferred (if any) as of the acquisition date in surplus or deficit.

Consideration transferred

The consideration transferred in a transfer of functions shall be measured at fair value, which shall be calculated as the sum of the acquisition-date fair values of the assets transferred by the acquirer, the liabilities incurred by the acquirer to former owners of the acquiree and the residual interests issued by the acquirer.

Measurement period

If the initial accounting for a transfer of functions is incomplete by the end of the reporting period in which the transfer occurs, the acquirer shall report in its financial statements provisional amounts for the items for which the accounting is incomplete. During the measurement period, the acquirer shall retrospectively adjust the provisional amounts recognised at the acquisition date to reflect new information obtained about facts and circumstances that existed as of the acquisition date and, if known, would have affected the measurement of the amounts recognised as of that date. During the measurement period, the acquirer shall also recognise additional assets or liabilities if new information is obtained about facts and circumstances that existed as of the acquisition date and, if known, would have resulted in the recognition of those assets and liabilities as of that date. The measurement period ends as soon as the acquirer receives the information it was seeking about facts and circumstances that existed as of the acquisition date or learns that more information is not obtainable. However, the measurement period shall not exceed two years from the acquisition date.

City of Mbombela

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Audited Consolidated Annual Financial Statements for the year ended 30 June 2019

Accounting Policies

1.30 Transfer of functions between entities not under common control (continued)

Contingent liabilities

After initial recognition and until the liability is settled, cancelled or expires, the acquirer shall measure a contingent liability recognised in a transfer of functions at the higher of:

- (a) the amount that would be recognised in accordance with the Standard of GRAP on Provisions, Contingent Liabilities and Contingent Assets; and
- (b) the amount initially recognised less, if appropriate, cumulative amortisation recognised in accordance with the Standard of GRAP on Revenue from Exchange Transactions.

Indemnification assets

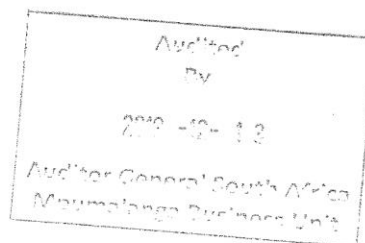
At the end of each subsequent reporting period, the acquirer shall measure an indemnification asset that was recognised at the acquisition date on the same basis as the indemnified liability or asset, subject to any limitations as set in the binding arrangement on its amount and, for an indemnification asset that is not subsequently measured at its fair value, management's assessment of the collectability of the indemnification asset. The acquirer shall derecognise the indemnification asset only when it collects the asset, sells it or otherwise loses the right to it.

Reacquired rights

A reacquired right recognised as an intangible asset shall be amortised over the remaining contractual period of the contract in which the right was granted.

Subsequent measurement

The acquirer subsequently measure and account for assets acquired, liabilities assumed or incurred and the residual interest issued in a transfer of functions in accordance with other applicable Standards of GRAP for those items, depending on their nature.



City of Mbombela

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Audited Consolidated Annual Financial Statements for the year ended 30 June 2019

Accounting Policies

1.31 Statutory receivables

Statutory receivables are receivables that:

- arise from legislation, supporting regulations, or similar means; and
- require settlement by another entity in cash or another financial asset.

Statutory receivables constitute revenue receivable from property rates, fines, penalties, grants and fees charged in terms of legislation.

The municipality recognises statutory receivables as follows:

- if the transaction is an exchange transaction, using GRAP 9;
- if the transaction is a non-exchange transaction, using GRAP 23;
- if the transaction is not within the scope of either GRAP 9 or GRAP 23, the receivable is recognised when:
- the definition of an asset is met; and
- it is probable that future economic benefits or service potential associated with the asset will flow to the municipality and the transaction amount can be measured reliably.

The Economic Entity measures a statutory receivable initially at its transaction amount.

The Economic Entity measures all statutory receivables after initial recognition using the cost method.

Under the cost method the amount recognised initially is only changed subsequently to reflect any:

- interest or other charges that may have accrued on the receivable;
- impairment loss; and
- amounts derecognised.

The Economic Entity assesses at the end of each reporting period whether there is objective evidence that a statutory receivable or group of statutory receivables is impaired.

For amounts due to the Economic Entity, significant financial difficulties of the receivable, probability that the receivable will enter bankruptcy and default payments are all considered indicators of impairment.

If there is objective evidence that an impairment loss on statutory receivables has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the estimated future cash flows - discounted if the effect of discounting is material - using a rate that reflects the current risk free rate and, if applicable, any risks specific to the statutory receivable, or group of statutory receivables, for which the future cash flow estimates have not been adjusted.

The carrying amount of the asset is reduced through the use of an allowance account. The amount of the loss is recognised in surplus or deficit.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed by adjusting the allowance account. The reversal does not result in a carrying amount of the statutory receivable that exceeds what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in surplus or deficit.

Where statutory receivables are impaired through the use of an allowance account, the amount of the loss is recognised in surplus or deficit within operating expenses. When such receivables are written off, the write off is made against the relevant allowance account. Subsequent recoveries of amounts previously written off are credited against operating expenses.

The Economic Entity derecognises a statutory receivable when:

- the rights to the cash flows from the statutory receivable are settled, expire or are waived;
- the Economic Entity transfers to another party substantially all of the risks and rewards of ownership of the receivable
- the Economic Entity, despite having retained some significant risks and rewards of ownership of the receivable, has transferred control of the receivable in its entirety to an unrelated third party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the Economic Entity:
- derecognises the receivable;
- recognises separately any rights and obligations created or retained in the transfer.

City of Mbombela

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Audited Consolidated Annual Financial Statements for the year ended 30 June 2019

Accounting Policies

1.31 Statutory receivables (continued)

The carrying amount of the transferred asset is allocated between the rights or obligations retained and those transferred on the basis of their relative fair values at the transfer date. Newly created rights and obligations are considered for inclusion within the scope of GRAP 104 or another standard of GRAP. Any difference between the consideration received and amounts recognised and derecognised is recognised in surplus or deficit in the period of the transfer.

1.32 Service concession arrangements: Grantor

A service concession arrangement is a contractual arrangement between a grantor (the Economic Entity) and an operator in which:

- the operator uses the service concession asset to provide a mandated function on behalf of the Economic Entity for a specified period of time; and
- the operator is compensated for its services over the period of the service concession arrangement.

A service concession asset is an asset used to provide a mandated function in a service concession arrangement that:

- is provided by the operator which:
- the operator constructs, develops, or acquires from a third party; or
- is an existing asset of the operator.
- is provided by the grantor (Economic Entity) which:
- is an existing asset of the Economic Entity; or
- is an upgrade to an existing asset of the Economic Entity.

An asset is provided by the operator, or an upgrade to an existing asset of the municipality is recognised as a service concession asset if:

- the municipality controls or regulates what services the operator must provide with the asset, to whom it must provide them, and at what price;
- the municipality controls, through ownership, beneficial entitlement or otherwise, any significant residual interest in the asset at the end of the arrangement.

The Economic Entity measures initially a service concession asset at its fair value.

The Economic Entity recognises a liability where a service concession asset is recognised.

The liability is initially recognised at the same amount as the service concession asset, adjusted by the amount for any consideration from the Economic Entity to the operator, or from the operator to the municipality.

Where the Economic Entity has an unconditional obligation to pay cash or another financial asset to the operator for the construction, development, acquisition or upgrade of a service concession asset, the liability is accounted for as a financial liability in accordance with GRAP 104.

The payments made to the operator are accounted for according to their substance as:

- a reduction in the liability recognised;
- a finance charge; and
- charges for services provided by the operator.

Where the asset and service components of a service concession arrangement are separately identifiable, the service components of payments are allocated by reference to the relative fair values of the service concession asset and the services. If not, the service component of payments is determined using valuation techniques.

Where the Economic Entity does not have an unconditional obligation to pay cash or another financial asset to the operator, and grants the operator the right to earn revenue from third-party users or another revenue-generating asset, the liability is accounted for as the unearned portion of revenue arising from the exchange of assets between the Economic Entity and the grantor.

The liability is reduced and revenue recognised according to the substance of the service concession arrangement.

By
2019-10-13
Auditor General South Africa
Mbombela Business Unit

City of Mbombela

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Audited Consolidated Annual Financial Statements for the year ended 30 June 2019

Accounting Policies

1.33 Investments in controlled entities

Controlling entity audited consolidated annual financial statements

Controlled entity is an entity, including an unincorporated entity such as a partnership that is controlled by another entity (known as the controlling entity). Controlling entity is an entity that has one or more controlled entities.

In the economic entity's separate financial statements, investments in investments in controlled entities are carried at cost less any accumulated impairment. The economic entity applies the same accounting for each category of investment.

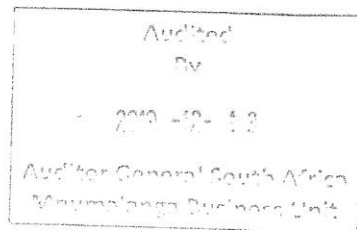
The cost of an investment in controlled entity is the aggregate of the fair value at the date of exchange of assets given, liabilities incurred or assumed and equity instruments issued by the economic entity plus any costs directly attributable to the purchase price of the controlled entity

1.34 Accumulated surplus

The economic entity's surplus or deficit for the year is accounted in the accumulated surplus in the statement of changes in net assets.

1.35 Share capital / contributed capital

An equity instrument is any contract that evidences a residual interest in the assets of an economic entity after deducting all of its liabilities.



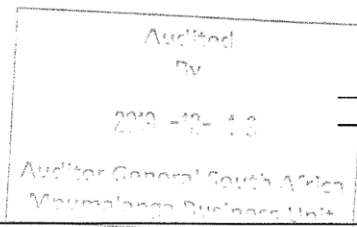
City of Mbombela

(Registration number MP326)

Audited Consolidated Annual Financial Statements for the year ended 30 June 2019

Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2019	2018	2019	2018
2. Inventories				
Consumable stores	17,536,668	15,591,154	17,536,668	15,591,154
Water in the reservoirs and reticulation system	232,193	224,321	232,193	224,321
Land held for sale	9,375,803	3,285,410	9,375,803	3,285,410
	27,144,664	19,100,885	27,144,664	19,100,885
Inventory pledged as security				
There were no inventories pledged as security during the reporting period.				
3. Operating lease asset (accrual)				
Current assets	90,708	430,484	90,708	430,484
Non-current liabilities	(233,676)	(795,725)	(233,676)	(795,725)
	(142,968)	(365,241)	(142,968)	(365,241)
4. Other receivables from exchange transactions				
Prepayments	1,642,064	-	1,642,064	-
Staff recoveries	590	-	-	-
Fruitless and Wasteful Expenditure Receivables	273,742	6,143,401	273,742	6,143,401
Merchandising, jobbing and contracts	29,959,695	27,152,992	29,959,695	27,152,992
	31,876,091	33,296,393	31,875,501	33,296,393
5. Trade receivables from non-exchange transactions				
Traffic fines	7,578,407	3,966,581	7,578,407	3,966,581
R/D Cheques	1,907,611	2,179,575	1,907,611	2,179,575
Interest accrued	1,697	4,476	-	-
Property rates	107,714,628	83,061,763	107,714,628	83,061,763
	117,202,343	89,212,395	117,200,646	89,207,919
Gross balances				
Property rates	181,995,674	169,366,862	181,995,674	169,366,862
Traffic fines	62,796,761	121,236,962	62,796,761	121,236,962
	244,792,435	290,603,824	244,792,435	290,603,824
Less: Allowance for impairment				
Property rates	(74,281,046)	(86,305,099)	(74,281,046)	(86,305,099)
Traffic fines	(55,218,354)	(117,270,381)	(55,218,354)	(117,270,381)
	(129,499,400)	(203,575,480)	(129,499,400)	(203,575,480)
Net balance				
Property rates	107,714,628	83,061,763	107,714,628	83,061,763
R/D Cheques	1,907,611	2,179,575	1,907,611	2,179,575
Traffic fines	7,578,407	3,966,581	7,578,407	3,966,581
	117,200,646	89,207,919	117,200,646	89,207,919



City of Mbombela

(Registration number MP326)

Audited Consolidated Annual Financial Statements for the year ended 30 June 2019

Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2019	2018	2019	2018
Rates				
Current (0 -30 days)	32,141,046	39,070,847	32,141,046	39,070,847
31 - 60 days	16,781,571	10,423,265	16,781,571	10,423,265
61 - 90 days	14,396,722	10,685,350	14,396,722	10,685,350
91 - 120 days	13,046,381	3,494,109	13,046,381	3,494,109
121 - 365 days	42,660,704	20,851,280	42,660,704	20,851,280
> 365 days	62,969,250	84,842,011	62,969,250	84,842,011
	181,995,674	169,366,862	181,995,674	169,366,862
Reconciliation of allowance for impairment				
Balance at beginning of the year	203,575,480	213,591,014	203,575,480	213,591,014
Contributions to allowance	-	63,874,976	-	63,874,976
Reversal of allowance	(74,076,080)	(73,890,510)	(74,076,080)	(73,890,510)
	129,499,400	203,575,480	129,499,400	203,575,480
6. Value Added Tax (VAT) receivable				
Value Added Tax (VAT)	114,406,262	87,324,749	114,390,127	87,311,621
VAT is receivable on the cash basis.				
7. Trade and other receivables from exchange transactions				
Gross balances				
Electricity	154,151,954	155,690,641	154,151,954	155,690,641
Water	40,090,989	31,346,078	40,090,989	31,346,078
Waste water	7,626,241	9,272,527	7,626,241	9,272,527
Refuse	34,602,577	40,548,899	34,602,577	40,548,899
Service charges	16,151,508	39,181,800	16,151,508	39,181,800
	252,623,269	276,039,945	252,623,269	276,039,945
Less: Allowance for impairment				
Electricity	(30,987,016)	(43,587,158)	(30,987,016)	(43,587,158)
Water	(19,687,985)	(14,130,514)	(19,687,985)	(14,130,514)
Waste water	(4,066,834)	(5,204,280)	(4,066,834)	(5,204,280)
Refuse	(21,108,973)	(27,215,171)	(21,108,973)	(27,215,171)
Service charges	(10,675,074)	(33,542,500)	(10,675,074)	(33,542,500)
	(86,525,882)	(123,679,623)	(86,525,882)	(123,679,623)
Net balance				
Electricity	123,164,938	112,103,483	123,164,938	112,103,483
Water	20,403,004	17,215,564	20,403,004	17,215,564
Waste water	3,559,407	4,068,247	3,559,407	4,068,247
Refuse	13,493,604	13,333,728	13,493,604	13,333,728
Service charges	5,476,434	5,639,300	5,476,434	5,639,300
	166,097,387	152,360,322	166,097,387	152,360,322

2019-12-13
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City of Mbombela

(Registration number MP326)

Audited Consolidated Annual Financial Statements for the year ended 30 June 2019

Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2019	2018	2019	2018
Electricity				
Current (0 -30 days)	102,774,834	95,051,171	102,774,834	95,051,171
31 - 60 days	12,055,627	7,868,394	12,055,627	7,868,394
61 - 90 days	8,631,410	8,035,575	8,631,410	8,035,575
91 - 120 days	6,584,145	699,225	6,584,145	699,225
121 - 365 days	19,888,629	3,491,350	19,888,629	3,491,350
> 365 days	4,217,309	40,544,926	4,217,309	40,544,926
	154,151,954	155,690,641	154,151,954	155,690,641
Water				
Current (0 -30 days)	13,673,010	12,094,731	13,673,010	12,094,731
31 - 60 days	5,722,733	3,320,402	5,722,733	3,320,402
61 - 90 days	3,411,808	3,366,826	3,411,808	3,366,826
91 - 120 days	3,788,320	365,356	3,788,320	365,356
121 - 365 days	11,089,411	1,302,339	11,089,411	1,302,339
> 365 days	2,405,707	10,896,424	2,405,707	10,896,424
	40,090,989	31,346,078	40,090,989	31,346,078
Waste water				
Current (0 -30 days)	1,527,107	3,721,308	1,527,107	3,721,308
31 - 60 days	1,264,400	1,369,168	1,264,400	1,369,168
61 - 90 days	724,971	1,370,859	724,971	1,370,859
91 - 120 days	819,571	89,332	819,571	89,332
121 - 365 days	2,326,902	422,772	2,326,902	422,772
> 365 days	963,290	2,299,088	963,290	2,299,088
	7,626,241	9,272,527	7,626,241	9,272,527
Refuse				
Current (0 -30 days)	8,268,620	11,623,990	8,268,620	11,623,990
31 - 60 days	4,765,298	3,630,682	4,765,298	3,630,682
61 - 90 days	4,277,623	3,458,226	4,277,623	3,458,226
91 - 120 days	3,961,767	316,107	3,961,767	316,107
121 - 365 days	9,865,695	1,392,084	9,865,695	1,392,084
> 365 days	3,463,574	20,127,810	3,463,574	20,127,810
	34,602,577	40,548,899	34,602,577	40,548,899
Service charges				
Current (0 -30 days)	3,579,213	4,089,137	3,579,213	4,089,137
31 - 60 days	1,818,693	1,654,213	1,818,693	1,654,213
61 - 90 days	1,731,548	1,695,238	1,731,548	1,695,238
91 - 120 days	1,760,440	64,309	1,760,440	64,309
121 - 365 days	5,158,866	472,373	5,158,866	472,373
> 365 days	2,102,748	31,206,530	2,102,748	31,206,530
	16,151,508	39,181,800	16,151,508	39,181,800

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2019-10-18
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Mpumalanga Business Unit

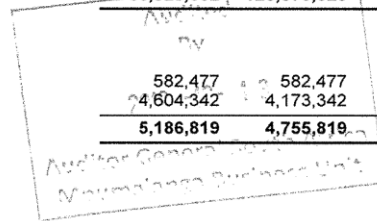
City of Mbombela

(Registration number MP326)

Audited Consolidated Annual Financial Statements for the year ended 30 June 2019

Notes to the Audited Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2019	2018	2019	2018
Summary of debtors by customer classification				
Consumers				
Current (0 -30 days)	78,568,528	87,071,779	78,568,528	87,071,779
31 - 60 days	17,686,522	10,956,461	17,686,522	10,956,461
61 - 90 days	14,051,070	11,023,820	14,051,070	11,023,820
91 - 120 days	13,640,729	229,662	13,640,729	229,662
121 - 365 days	31,490,394	2,595,345	31,490,394	2,595,345
> 365 days	10,106,533	93,872,936	10,106,533	93,872,936
	165,543,776	205,750,003	165,543,776	205,750,003
Industrial/ commercial				
Current (0 -30 days)	50,999,650	58,336,953	50,999,650	58,336,953
31 - 60 days	14,362,198	10,422,201	14,362,198	10,422,201
61 - 90 days	11,764,335	9,847,687	11,764,335	9,847,687
91 - 120 days	10,836,148	242,734	10,836,148	242,734
121 - 365 days	28,746,996	1,911,937	28,746,996	1,911,937
> 365 days	14,499,399	43,413,551	14,499,399	43,413,551
	131,208,726	124,175,063	131,208,726	124,175,063
National and provincial government				
Current (0 -30 days)	32,395,653	35,297,180	32,395,653	35,297,180
31 - 60 days	10,359,601	7,968,411	10,359,601	7,968,411
61 - 90 days	7,358,677	7,740,567	7,358,677	7,740,567
91 - 120 days	5,483,748	5,636,991	5,483,748	5,636,991
121 - 365 days	30,752,816	23,424,916	30,752,816	23,424,916
> 365 days	51,515,947	35,413,676	51,515,947	35,413,676
	137,866,442	115,481,741	137,866,442	115,481,741
Total				
Current (0 -30 days)	161,963,831	180,705,912	161,963,831	180,705,912
31 - 60 days	42,408,321	29,347,073	42,408,321	29,347,073
61 - 90 days	33,174,082	28,612,074	33,174,082	28,612,074
91 - 120 days	29,960,625	6,109,387	29,960,625	6,109,387
121 - 365 days	90,990,206	27,932,198	90,990,206	27,932,198
> 365 days	76,121,879	172,700,163	76,121,879	172,700,163
	434,618,944	445,406,807	434,618,944	445,406,807
Reconciliation of allowance for impairment				
Balance at beginning of the year	123,679,623	169,512,752	123,679,623	169,512,752
Contributions to allowance	(37,153,741)	(45,833,129)	(37,153,741)	(45,833,129)
	86,525,882	123,679,623	86,525,882	123,679,623
8. Deposits				
Other deposits	582,477	582,477	582,477	582,477
Deposits - Eskom	4,604,342	4,173,342	4,604,342	4,173,342
	5,186,819	4,755,819	5,186,819	4,755,819



City of Mbombela

(Registration number MP326)

Audited Consolidated Annual Financial Statements for the year ended 30 June 2019

Notes to the Audited Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2019	2018	2019	2018

9. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	87,180	78,180	87,085	78,085
Bank balances	126,010,794	83,813,519	125,963,630	83,592,502
Short-term deposits	330,445	11,139,843	-	10,232,205
Total cash	126,428,419	95,031,542	126,050,715	93,902,792

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2019-10-13
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Mbombela Business Unit

City of Mbombela

(Registration number MP326)

Audited Consolidated Annual Financial Statements for the year ended 30 June 2019

Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2019	2018	2019	2018

The municipality had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	30 June 2019	30 June 2018	30 June 2017	30 June 2019	30 June 2018	30 June 2017
Primary Bank Acc - ABSA Mbombela: Account Number: 40-90003-9447	83,919,761	2,000,000	22,296,646	103,506,683	7,407,252	30,649,230
Spiral Plan - Bank: ABSA Mbombela: Account Number: 90-6703-3766	-	4,490	4,486	-	4,490	-
Saving Account - Bank: ABSA Mbombela: Account Number: 90-6916-6741	-	968	1,006	-	968	-
Call Account (Water Deposits) - Bank: ABSA Mbombela: Account Number: 90-6983-8617	4,668	4,612	4,580	4,668	4,612	4,580
Call Account (Grant Funding) - Bank: ABSA Mbombela: Account Number: 90-6983-9003	-	92,721	91,573	-	92,721	91,569
Call Account (Service Contribution) - Bank: ABSA Mbombela: Account Number: 90-7568-1173	301,800	292,346	283,485	631,169	621,715	335,836
Call Account (Taxi Disaster) - Bank: ABSA Mbombela: Account Number: 91-2727-3547	-	28,949	28,503	-	28,949	28,466
Call Account (Grants) - Bank: ABSA Mbombela - Account Number: 40-8341-7222	6,811	9,117	46,731	6,811	9,117	46,477
Primary Bank Acc - ABSA Mbombela: Account Number: 40-5321-5785	200,000	200,000	2,844,410	(24,342)	675,522	(6,318,730)
Mbombela Mayoral Fund - Bank: ABSA Mbombela: Account Number: 40-788-9377	-	10,530	10,423	-	10,530	10,410
Call Account (Mbombela 2010 Host City) - Bank: ABSA Mbombela: Account Number: 40-7502-7970	-	6,297	6,041	-	6,297	6,017
Call Account (Mbombela 2010 Fan Park Operator) - Bank: ABSA Mbombela: Account Number: 40-7611-2661	-	1,363	1,308	-	1,363	1,302
Cheque Account (White River Disaster Fund) - 40-5141-9472	-	31,899	30,291	-	31,899	30,285
Cheque Account (Mbombela Conditional Grants) - 40-7804-8048	-	10,055	9,532	-	10,055	9,496
Call Account (Lottery Distribution Trust Fund Mbombela) - 40-6856-1426	10,023	9,779	9,548	9,905	9,779	9,524
Cheque Account - Bank: ABSA, Prime Link Account: Account Number: 40-6653-7243	21,760,912	48,905,734	22,648	21,234,348	68,905,735	22,645
Bank: ABSA Mbombela - Account Number: 20-7400-3363	-	30,232,205	8,604,226	(5,561)	10,226,643	8,604,226
Petty cash	-	-	-	87,085	78,085	75,085
First National Bank - Barberton - Account number: 5160026441	552,283	149,237	(47,800)	552,283	5,796,071	(9,748,958)

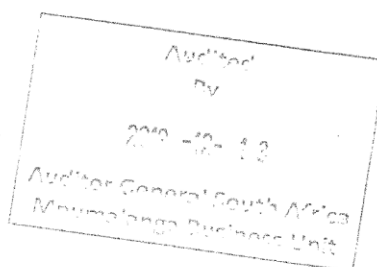
City of Mbombela

(Registration number MP326)

Audited Consolidated Annual Financial Statements for the year ended 30 June 2019

Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand	Economic entity				Controlling entity	
	2019	2018	2019	2018	2019	2018
ABSA Bank - Mbombela Traffic Account - 10-7000-0209	-	-	-	37,665	(29,011)	(4,400)
First National Bank - Barberton - Account number: 62305845995	41	41	41	41	41	41
First National Bank - Barberton - Account number: 62305846612	113	114	114	114	114	113
First National Bank - Barberton - Account number: 62305846935	728	728	728	728	728	728
First National Bank - Barberton - Account number: 62305847222	24	24	24	24	24	24
First National Bank - Barberton - Account number: 62000772229	268	255	44	44	44	21
First National Bank - Barberton - Account number: 62000774704	117	111	447	(1,407)	(1,407)	(107)
ABSA Bank - Barbeton - 40-7085-2360	-	9,632	-	10,400	10,400	10,400
First National Bank - Barberton - Account Number: 6227140826	56	56	-	56	56	-
ABSA Bank - Cheque account - 4074061187	47,164	221,017	125,036	47,164	221,017	125,036
ABSA Bank - Investment account - 9231464852	330,445	907,639	1,234,052	330,445	907,638	1,234,052
Total	107,135,214	83,129,919	35,608,123	126,428,323	95,031,447	25,223,368



City of Mbombela

(Registration number MP326)
Audited Consolidated Annual Financial Statements for the year ended 30 June 2019

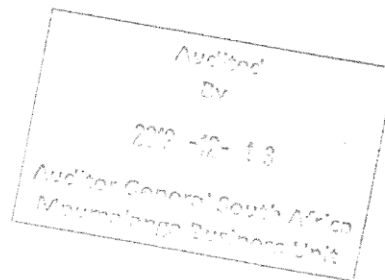
Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand

11. Property, plant and equipment

Economic entity

	2019			2018		
	Cost	Accumulated depreciation and impairment	Carrying value	Cost	Accumulated depreciation and impairment	Carrying value
Land	631,419,320	-	631,419,320	637,667,026	-	637,667,026
Buildings	1,517,389,093	(689,622,901)	847,766,192	1,496,733,025	(611,624,964)	885,108,061
Equipment and machinery	46,933,345	(23,048,813)	23,884,532	44,972,722	(18,293,141)	26,679,581
Furniture and equipment	73,981,065	(42,279,062)	31,702,013	71,479,057	(37,431,590)	34,047,467
Transport assets	203,063,863	(185,628,912)	37,434,951	188,683,928	(147,432,979)	41,250,949
Computer equipment	42,181,525	(25,231,734)	16,949,791	41,408,805	(21,273,780)	20,135,025
Roads, pavements, and stormwater	3,293,738,391	(1,735,079,785)	1,558,658,606	3,119,350,209	(1,496,717,136)	1,622,633,073
Construction Work-in-progress	1,071,344,213	-	1,071,344,213	841,361,211	-	841,361,211
Waste management	55,205,780	(11,492,178)	43,713,602	54,780,316	(10,435,061)	44,345,255
Electricity	1,269,329,489	(717,803,696)	551,525,793	1,260,443,371	(663,185,241)	597,258,130
Leased assets	8,069,824	(6,878,823)	1,191,001	8,069,824	(3,846,156)	4,223,668
Waste water	1,120,364,805	(474,279,842)	646,084,963	1,106,113,134	(434,320,895)	671,792,439
Water	2,664,390,971	(961,397,284)	1,702,993,687	2,619,321,168	(886,863,760)	1,732,457,408
Library	32,925,736	(5,195,977)	27,729,759	21,777,245	(4,310,648)	17,466,597
Total	2,030,337,420	(4,837,938,997)	7,192,398,423	1,512,161,041	(4,335,735,151)	7,176,425,890



City of Mbombela

(Registration number MP326)

Audited Consolidated Annual Financial Statements for the year ended 30 June 2019

Notes to the Audited Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2019	2018	2019	2018

10. Investment property

Economic entity	2019			2018		
	Cost	Accumulated depreciation and accumulated impairment	Carrying value	Cost	Accumulated depreciation and accumulated impairment	Carrying value
Investment property	355,215,226	(24,768,857)	330,446,369	355,087,733	(22,656,853)	332,430,880

Controlling entity	2019			2018		
	Cost	Accumulated depreciation and accumulated impairment	Carrying value	Cost	Accumulated depreciation and accumulated impairment	Carrying value
Investment property	355,215,226	(24,768,857)	330,446,369	355,087,733	(22,656,853)	332,430,880

Reconciliation of investment property - Economic entity - 2019

	Opening balance	Transfers received	Depreciation	Total
Investment property	332,430,880	127,494	(2,112,005)	330,446,369

Reconciliation of investment property - Economic entity - 2018

	Opening balance	Disposals	Transfers received	Transfers	Depreciation	Total
Investment property	336,716,575	(2,604,000)	1,030,311	(600,000)	(2,112,006)	332,430,880

Reconciliation of investment property - Controlling entity - 2019

	Opening balance	Transfers received	Depreciation	Total
Investment property	332,430,880	127,494	(2,112,005)	330,446,369

Reconciliation of investment property - Controlling entity - 2018

	Opening balance	Disposals	Transfers received	Transfers	Depreciation	Total
Investment property	336,716,575	(2,604,000)	1,030,311	(600,000)	(2,112,006)	332,430,880

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality. No property, plant and equipment were pledged as security for liabilities.

Amounts recognised in surplus or deficit

Rental revenue from Investment property	2,701,002	2,609,249	2,701,002	2,609,249
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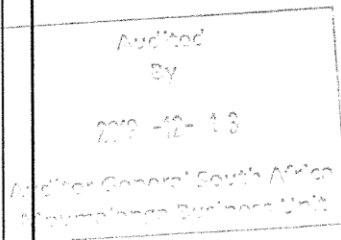
City of Mbombela

(Registration number MP326)

Audited Consolidated Annual Financial Statements for the year ended 30 June 2019

Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand



Controlling entity	2019			2018		
	Cost	Accumulated depreciation and accumulated impairment	Carrying value	Cost	Accumulated depreciation and accumulated impairment	Carrying value
Land	631,419,320	-	631,419,320	637,667,026	-	637,667,026
Buildings	1,517,389,093	(669,622,901)	847,766,192	1,496,733,025	(611,624,964)	885,108,061
Equipment and machinery	46,933,345	(23,048,813)	23,884,532	44,972,722	(18,293,141)	26,679,581
Furniture and equipment	73,981,065	(42,279,052)	31,702,013	71,479,057	(37,431,590)	34,047,467
Transport assets	203,063,863	(165,628,912)	37,434,951	188,683,928	(147,432,979)	41,250,949
Computer equipment	42,147,885	(25,212,785)	16,935,100	41,383,337	(21,257,838)	20,125,499
Roads, pavements and stormwater	3,293,738,391	(1,735,079,785)	1,558,658,606	3,119,350,209	(1,496,717,136)	1,622,633,073
Construction Work-in-progress	1,071,344,213	-	1,071,344,213	841,361,211	-	841,361,211
Waste management	55,205,780	(11,492,178)	43,713,602	54,780,316	(10,435,061)	44,345,255
Electricity	1,269,329,489	(717,803,696)	551,525,793	1,260,443,371	(663,185,241)	597,258,130
Leased assets	8,069,824	(6,878,823)	1,191,001	8,069,824	(3,846,156)	4,223,668
Waste water	1,120,364,805	(474,279,842)	646,084,963	1,106,113,134	(434,320,695)	671,792,439
Water	2,664,390,971	(961,397,284)	1,702,993,687	2,619,321,168	(886,863,760)	1,732,457,408
Library	32,925,736	(5,195,977)	27,729,759	21,777,245	(4,310,648)	17,466,597
Total	12,030,303,780	(4,837,920,048)	7,192,383,732	11,512,135,573	(4,335,719,209)	7,176,416,364

City of Mbombela

(Registration number MP326)
Audited Consolidated Annual Financial Statements for the year ended 30 June 2019

Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand

Reconciliation of property, plant and equipment - Economic entity - 2019

	Opening balance	Additions	Disposals	Transfers in	Transfers out	Donations	Change in accounting estimates	Depreciation	Total
Land	637,667,026	-	-	-	(6,247,706)	-	-	-	631,419,320
Buildings	885,108,061	1,511,094	-	19,144,974	-	-	-	(57,997,937)	847,766,192
Equipment and machinery	26,679,581	1,960,623	-	-	-	-	-	(4,755,672)	23,884,532
Furniture and equipment	34,047,467	2,510,009	(7,879)	-	-	-	-	(4,847,584)	31,702,013
Transport assets	41,250,949	15,469,833	(269,257)	-	-	-	-	(19,016,574)	37,434,951
Computer equipment	20,135,025	1,173,888	(194,935)	-	-	-	-	(4,164,187)	16,949,791
Roads, pavements and stormwater	1,622,633,073	105,435,817	-	68,952,365	-	-	-	(238,362,649)	1,558,658,606
Construction Work-in-progress	841,361,211	355,327,696	-	-	(125,344,694)	-	-	-	1,071,344,213
Waste management	44,345,255	-	-	-	-	-	425,464	(1,057,117)	43,713,602
Electricity	597,258,130	5,786,730	-	3,099,389	-	-	-	(54,618,456)	551,525,793
Leased assets	4,223,668	-	-	-	-	-	-	(3,032,667)	1,191,001
Waste water	671,792,439	3,396,079	-	10,855,591	-	-	-	(39,959,146)	646,084,963
Water	1,732,457,408	21,777,428	-	23,292,375	-	-	-	(74,533,524)	1,702,993,687
Library	17,466,597	-	-	-	-	11,148,491	-	(885,329)	27,729,759
	7,176,425,890	514,349,197	(472,071)	125,344,694	(131,592,400)	11,148,491	425,464	(503,230,842)	7,192,398,423

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Mauritiusburg Business Unit

City of Mbombela

(Registration number MP326)

Audited Consolidated Annual Financial Statements for the year ended 30 June 2019

Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand

Reconciliation of property, plant and equipment - Economic entity - 2018

	Opening balance	Additions	Disposals	Transfers in	Transfers out	Change in accounting estimates	Depreciation	Total
Land	641,382,747	-	-	-	(3,715,721)	-	-	637,667,026
Buildings	947,566,388	-	-	-	-	-	(62,458,327)	885,108,061
Equipment and machinery	29,780,975	1,415,114	(43,720)	-	-	-	(4,472,788)	26,679,581
Furniture and equipment	38,224,050	782,589	(192,387)	-	-	-	(4,766,786)	34,047,467
Transport assets	55,560,948	5,297,013	(910,623)	-	-	-	(18,696,389)	41,250,949
Computer equipment	24,630,809	311,762	(122,942)	-	-	-	(4,684,604)	20,135,025
Roads, pavements and stormwater	1,755,751,939	36,256,136	(25,989)	52,154,824	-	-	(221,503,837)	1,822,633,073
Construction Work-in-progress	588,189,094	377,842,117	-	-	(124,670,000)	-	-	841,361,211
Waste management	41,844,962	-	-	-	-	3,510,293	(1,010,000)	44,345,255
Electricity	634,104,557	19,551,288	(22)	8,296,643	-	-	(64,694,336)	597,258,130
Leased assets	5,554,898	2,031,317	(606,118)	-	-	-	(2,756,429)	4,223,688
Waste water	715,004,315	-	-	-	-	-	(43,211,876)	671,792,439
Water	1,700,640,341	38,271,607	-	64,218,533	-	-	(70,673,073)	1,732,457,408
Weapons systems	18,133,175	-	-	-	-	-	(666,578)	17,466,597
	7,196,369,198	481,758,943	(1,901,801)	124,670,000	(128,385,721)	3,510,293	(499,595,022)	7,176,425,890

City of Mbombela

(Registration number MP326)

Audited Consolidated Annual Financial Statements for the year ended 30 June 2019

Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand

Reconciliation of property, plant and equipment - Controlling entity - 2019

	Opening balance	Additions	Disposals	Transfers in	Transfers out	Donations	Change in accounting estimates	Depreciation	Total
Land	637,667,026	-	-	-	(6,247,706)	-	-	-	631,419,320
Buildings	885,108,061	1,511,094	-	19,144,974	-	-	-	(57,997,937)	847,766,192
Equipment and machinery	26,679,581	1,960,623	-	-	-	-	-	(4,755,672)	23,884,532
Furniture and equipment	34,047,467	2,510,009	(7,879)	-	-	-	-	(4,847,584)	31,702,013
Transport assets	41,250,949	15,469,833	(269,257)	-	-	-	-	(19,016,574)	37,434,951
Computer equipment	20,125,489	1,165,717	(194,935)	-	-	-	-	(4,161,181)	16,935,100
Roads, pavements and stormwater	1,622,633,073	105,435,817	-	68,952,365	-	-	-	(238,362,649)	1,558,658,606
Construction Work-in-progress	841,361,211	355,327,696	-	-	(125,344,694)	-	-	-	1,071,344,213
Waste management	44,345,255	-	-	-	-	-	425,464	(1,057,117)	43,713,602
Electricity	597,258,130	5,786,730	-	3,099,389	-	-	-	(54,618,456)	551,525,793
Leased assets	4,223,668	-	-	-	-	-	-	(3,032,667)	1,191,001
Waste water	671,792,439	3,396,079	-	10,855,591	-	-	-	(39,959,146)	646,084,963
Water	1,732,457,408	21,777,428	-	23,292,375	-	-	-	(74,533,524)	1,702,993,687
Weapons systems	17,466,597	-	-	-	-	11,148,491	-	(885,329)	27,729,759
	7,176,416,364	514,341,026	(472,071)	125,344,694	(131,592,400)	11,148,491	425,464	(503,227,836)	7,192,383,732

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City of Mbombela

(Registration number MP326)

Audited Consolidated Annual Financial Statements for the year ended 30 June 2019

Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand

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2019-20-19

Reconciliation of property, plant and equipment - Controlling entity - 2018

	Opening balance	Additions	Disposals	Transfers in	Transfers out	Change in accounting estimates	Depreciation	Total
Land	641,382,747	-	-	-	(3,715,721)	-	-	637,667,026
Buildings	947,566,388	-	-	-	-	-	(62,458,327)	885,108,061
Equipment and machinery	29,780,975	1,415,114	(43,720)	-	-	-	(4,472,788)	26,679,581
Furniture and equipment	38,224,050	782,589	(192,387)	-	-	-	(4,766,785)	34,047,467
Transport assets	55,560,948	5,297,013	(910,623)	-	-	-	(18,696,389)	41,250,949
Computer equipment	24,621,283	311,762	(122,942)	-	-	-	(4,684,804)	20,125,499
Roads, pavements and stormwater	1,755,751,939	36,256,136	(25,989)	52,154,824	-	-	(221,503,837)	1,622,633,073
Construction Work-in-progress	588,189,094	377,842,117	-	-	(124,670,000)	-	-	841,361,211
Waste management	41,844,962	-	-	-	-	3,510,293	(1,010,000)	44,345,255
Electricity	634,104,557	19,551,288	(22)	8,296,643	-	-	(64,694,336)	597,258,130
Leased assets	5,554,898	2,031,317	(606,118)	-	-	-	(2,756,429)	4,223,668
Waste water	715,004,315	-	-	-	-	-	(43,211,876)	671,792,439
Water	1,700,640,341	38,271,607	-	64,218,533	-	-	(70,673,073)	1,732,457,408
Library	18,133,175	-	-	-	-	-	(666,578)	17,466,597
	7,196,359,672	481,758,943	(1,901,801)	124,670,000	(128,385,721)	3,510,293	(499,595,022)	7,176,416,364

Compensation received for losses on property, plant and equipment – included in operating profit.

Plant and machinery	-	4,599	-	-	4,599
Transport assets	165,678	-	165,678	-	-
Office equipment	131,807	94,747	131,807	94,747	-
Roads, pavements and stormwater	-	260,907	-	260,907	-
Bearer plants	-	1,400,501	-	1,400,501	-
	297,485	1,760,754	297,485	1,760,754	

City of Mbombela

(Registration number MP326)

Audited Consolidated Annual Financial Statements for the year ended 30 June 2019

Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2019	2018	2019	2018
Property, plant and equipment in the process of being constructed or developed				
Cumulative expenditure recognised in the carrying value of property, plant and equipment				
Roads, Pavements, Bridges and Stormwater Infrastructure	508,333,900	378,627,068	508,333,900	378,627,068
Water Reservoirs and Reticulation Infrastructure	322,407,760	264,598,348	322,407,760	264,598,348
Electricity Infrastructure	36,807,927	14,383,491	36,807,927	14,383,491
Buildings	103,140,756	93,632,265	103,140,756	93,632,265
Waste Water Infrastructure	100,653,870	90,120,042	100,653,870	90,120,042
	1,071,344,213	841,361,214	1,071,344,213	841,361,214

Carrying value of property, plant and equipment that is taking a significantly longer period of time to complete than expected

Roads, Pavements, Bridges and Stormwater Infrastructure	34,294,195	57,734,285	34,294,195	57,734,285
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These projects were delayed due to the internal or institutional inefficiencies which has caused a gap between the appointment of consultants and contractors, inadequate community buy in on projects that does not create local employment opportunities and local empowerment in terms of subcontracting and reduction of grant funding those respective projects.

Water Reservoirs and Reticulation Infrastructure	23,433,173	59,370,513	23,433,173	59,370,513
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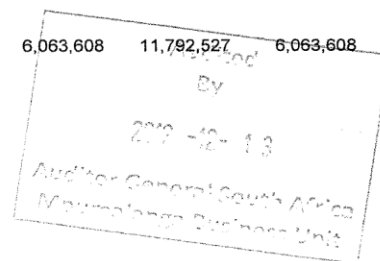
The projects were mainly delayed due to various factors including but not limited to commissioning of projects due to water rights application challenges, land disputes where the project must be implemented, delay on the electricity (power) connection, community unrests, environmental compliance assessments and the internal inefficiencies which has caused a gap between appointment of consultants and contractors.

Electricity Infrastructure	5,666,407	9,563,283	5,666,407	9,563,283
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The projects were mainly delayed due to inability to secure funding on time, internal deficiencies which has caused a gap between appointment of consultants and contractors.

Waste Water Infrastructure	6,063,608	11,792,527	6,063,608	11,792,527
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The projects were mainly delayed due to various factors including but not limited to one appointment made by the Department of Co-Operative Governance and Traditional Affairs which was declared as irregular expenditure and the City has communicated with the Department requesting withdrawal of the project in order to follow the normal Supply Chain Management processes internally, community unrests, environmental compliance assessments and the internal inefficiencies which has caused a gap between appointment of consultants and contractors.



City of Mbombela

(Registration number MP326)

Audited Consolidated Annual Financial Statements for the year ended 30 June 2019

Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2019	2018	2019	2018
	69,457,383	138,460,608	69,457,383	138,460,608

Carrying value of property, plant and equipment where construction or development has been halted either during the current or previous reporting period(s)

Water project

The project was halted due to lack of water rights.

-	1,010,743	-	1,010,743
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-	1,010,743	-	1,010,743
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Reconciliation of Work-in-Progress Economic entity - 2019

	Included within Infrastructure	Included within Other PPE	Total
Opening balance	747,728,949	93,632,264	841,361,213
Additions/capital expenditure	326,674,228	28,653,465	355,327,693
Transferred to completed items	(106,199,719)	(19,144,974)	(125,344,693)
	968,203,458	103,140,755	1,071,344,213

Reconciliation of Work-in-Progress Economic entity - 2018

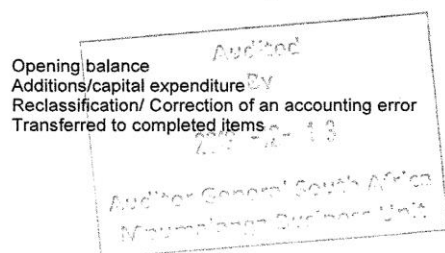
	Included within Infrastructure	Included within Other PPE	Total
Opening balance	888,370,694	71,445,985	959,816,679
Additions/capital expenditure	353,029,860	24,812,259	377,842,119
Reclassification/ Correction of an accounting error	(369,001,605)	(2,625,979)	(371,627,584)
Transferred to completed items	(124,670,000)	-	(124,670,000)
	747,728,949	93,632,265	841,361,214

Reconciliation of Work-in-Progress Controlling entity - 2019

	Included within Infrastructure	Included within Other PPE	Total
Opening balance	747,728,949	93,632,264	841,361,213
Additions/capital expenditure	326,750,115	28,653,465	355,403,580
Transferred to completed items	(106,199,719)	(19,144,974)	(125,344,693)
	968,279,345	103,140,755	1,071,420,100

Reconciliation of Work-in-Progress Controlling entity - 2018

	Included within Infrastructure	Included within Other PPE	Total
Opening balance	888,370,694	71,445,985	959,816,679
Additions/capital expenditure	353,029,860	24,812,259	377,842,119
Reclassification/ Correction of an accounting error	(369,001,605)	(2,625,979)	(371,627,584)
Transferred to completed items	(124,670,000)	-	(124,670,000)
	747,728,949	93,632,265	841,361,214



City of Mbombela

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Audited Consolidated Annual Financial Statements for the year ended 30 June 2019

Notes to the Audited Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2019	2018	2019	2018

Expenditure incurred to repair and maintain property, plant and equipment

Expenditure incurred to repair and maintain property, plant and equipment included in Statement of Financial Performance

Contracted services	228,426,992	204,067,021	228,426,992	204,067,021
Inventory	12,768,240	11,369,522	12,768,240	11,369,522
Total	241,195,232	215,436,543	241,195,232	215,436,543

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality. No property, plant and equipment were pledged as security for liabilities.

12. Intangible assets

Economic entity	2019			2018		
	Cost	Accumulated amortisation and accumulated impairment	Carrying value	Cost	Accumulated amortisation and accumulated impairment	Carrying value
Licenses and franchises	799,130	(777,805)	21,325	799,130	(777,805)	21,325
Computer software	17,532,664	(6,633,456)	10,899,208	16,912,607	(5,391,326)	11,521,281
Servitudes	4,590,568	-	4,590,568	4,590,568	-	4,590,568
Total	22,922,362	(7,411,261)	15,511,101	22,302,305	(6,169,131)	16,133,174

Controlling entity	2019			2018		
	Cost	Accumulated amortisation and accumulated impairment	Carrying value	Cost	Accumulated amortisation and accumulated impairment	Carrying value
Licenses and franchises	799,130	(777,805)	21,325	799,130	(777,805)	21,325
Computer software	17,519,584	(6,625,632)	10,893,952	16,899,527	(5,385,419)	11,514,108
Servitudes	4,590,568	-	4,590,568	4,590,568	-	4,590,568
Total	22,909,282	(7,403,437)	15,505,845	22,289,225	(6,163,224)	16,126,001

Reconciliation of intangible assets - Economic entity - 2019

	Opening balance	Additions	Disposals	Amortisation	Total
Licenses and franchises	21,325	-	-	-	21,325
Computer software	11,521,281	620,057	-	(1,242,130)	10,899,208
Servitudes	4,590,568	-	-	-	4,590,568
Total	16,133,174	620,057	-	(1,242,130)	15,511,101

Audited
By
2019-12-13
Auditor General South Africa
Mbombela Business Unit

City of Mbombela

(Registration number MP326)

Audited Consolidated Annual Financial Statements for the year ended 30 June 2019

Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2019	2018	2019	2018

Reconciliation of intangible assets - Economic entity - 2018

	Opening balance	Additions	Disposals	Amortisation	Total
Licenses and franchises	264	21,061	-	-	21,325
Computer software	11,466,250	1,224,401	-	(1,169,370)	11,521,281
Servitudes	4,590,568	-	-	-	4,590,568
	16,057,082	1,245,462	-	(1,169,370)	16,133,174

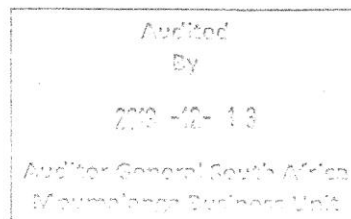
Reconciliation of intangible assets - Controlling entity - 2019

	Opening balance	Additions	Disposals	Amortisation	Total
Licenses and franchises	21,325	-	-	-	21,325
Computer software	11,514,108	620,057	-	(1,240,213)	10,893,952
Servitudes	4,590,568	-	-	-	4,590,568
	16,126,001	620,057	-	(1,240,213)	15,505,845

Reconciliation of intangible assets - Controlling entity - 2018

	Opening balance	Additions	Disposals	Amortisation	Total
Licenses and franchises	264	21,061	-	-	21,325
Computer software	11,457,159	1,224,401	-	(1,167,452)	11,514,108
Servitudes	4,590,568	-	-	-	4,590,568
	16,047,991	1,245,462	-	(1,167,452)	16,126,001

A register containing the information required by section 63 of the MFMA is available for inspection at the registered office of the municipality. No Intangible assets were pledged as security for liabilities.



City of Mbombela

(Registration number MP326)

Audited Consolidated Annual Financial Statements for the year ended 30 June 2019

Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand

13. Heritage assets

Economic entity

	2019		2018	
	Cost	Accumulated impairment losses	Carrying value	Cost
Historical monuments	485,639	-	485,639	485,639
Historical buildings	436,805	(235,147)	201,658	436,805
Stamp collections, military insignia, medals, coin	186,585	-	186,585	186,585
Recreational parks	1,428,088	-	1,428,088	1,428,088
Total	2,537,117	(235,147)	2,301,970	2,537,117

Controlling entity

	2019		2018	
	Cost	Accumulated impairment losses	Carrying value	Cost
Historical monuments	485,639	-	485,639	485,639
Historical buildings	436,805	(235,147)	201,658	436,805
Stamp collections, military insignia, medals, coin	186,585	-	186,585	186,585
Recreational parks	1,428,088	-	1,428,088	1,428,088
Total	2,537,117	(235,147)	2,301,970	2,537,117

Reconciliation of heritage assets Economic entity - 2019

	Opening balance	Additions	Disposals	Transfers received	Total
Historical monuments	485,639	-	-	-	485,639
Historical buildings	201,658	-	-	-	201,658
Stamp collections, military insignia, medals, coin	186,585	-	-	-	186,585
Recreational parks	1,428,088	-	-	-	1,428,088
Total	2,301,970	-	-	-	2,301,970

City of Mbombela

(Registration number MP326)

Audited Consolidated Annual Financial Statements for the year ended 30 June 2019

Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand

Reconciliation of heritage assets Economic entity - 2018

Historical monuments
Historical buildings
Stamp collections, military insignia, medals, coin
Recreational parks

Opening balance	Additions	Disposals	Transfers received	Total
485,639	-	-	-	485,639
201,658	-	-	-	201,658
186,585	-	-	-	186,585
1,428,088	-	-	-	1,428,088
2,301,970	-	-	-	2,301,970

Reconciliation of heritage assets Controlling entity - 2019

Historical monuments
Historical buildings
Stamp collections, military insignia, medals, coin
Recreational parks

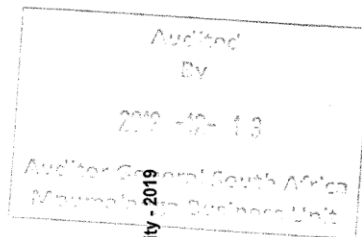
Opening balance	Additions	Disposals	Transfers received	Total
485,639	-	-	-	485,639
201,658	-	-	-	201,658
186,585	-	-	-	186,585
1,428,088	-	-	-	1,428,088
2,301,970	-	-	-	2,301,970

Reconciliation of heritage assets Controlling entity - 2018

Historical monuments
Historical buildings
Stamp collections, military insignia, medals, coin
Recreational parks

Opening balance	Additions	Disposals	Transfers received	Total
485,639	-	-	-	485,639
201,658	-	-	-	201,658
186,585	-	-	-	186,585
1,428,088	-	-	-	1,428,088
2,301,970	-	-	-	2,301,970

There were no heritage assets pledged as security for liabilities.



City of Mbombela

(Registration number MP326)

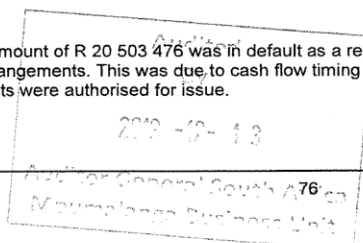
Audited Consolidated Annual Financial Statements for the year ended 30 June 2019

Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2019	2018	2019	2018
14. Investments				
At amortised cost				
Investments	-	18,397,543	100	18,397,643
Non-current assets				
At amortised cost	-	18,397,543	100	18,397,643
15. Long term receivables				
Long term receivables	2,531,548	3,792,810	2,531,548	3,792,810
Current portion of long term receivables	149,186	758,379	149,186	758,379
	2,680,734	4,551,189	2,680,734	4,551,189
16. Interest Bearing Borrowings				
At amortised cost				
Development Bank of South Africa R200 million This loan bears interest at 12.62% and is payable bi-annually installments	128,155,725	147,045,247	128,155,725	147,045,247
Development Bank of South Africa R138.6 million This loan bears interest at 12.62% and is payable bi-annually installments	133,797,889	136,847,744	133,797,889	136,847,744
Development Bank of South Africa R21.6 million This loan bears interest at 10.74% and is payable bi-annually installments	-	10,279,209	-	10,279,209
Standard Bank - R25 million This loan bears interest at 10.50% and is payable bi-annually installments	4,424,426	5,746,974	4,424,426	5,746,974
DBSA Infrastructure L122 This loan bears interest at 15 % and is repayable in bi-annual installments	-	212,298	-	212,298
DBSA Infrastructure L124 This loan bears interest at 16.5 % and is repayable in bi-annual installments	-	212,678	-	212,678
Stock Loans@ 11.60%	3,000	3,000	3,000	3,000
	266,381,040	300,347,150	266,381,040	300,347,150
Total interest bearing borrowings	266,381,040	300,347,150	266,381,040	300,347,150
Non-current liabilities				
At amortised cost	213,180,419	242,213,202	213,180,419	242,213,202
Current liabilities				
At amortised cost	53,200,621	58,133,948	53,200,621	58,133,948

Defaults and breaches

A loan to DBSA with an amount of R 20 503 476 was in default as a result of not meeting capital repayment requirements as per the contractual arrangements. This was due to cash flow timing delays. The default was rectified before unaudited annual financial statements were authorised for issue.



City of Mbombela

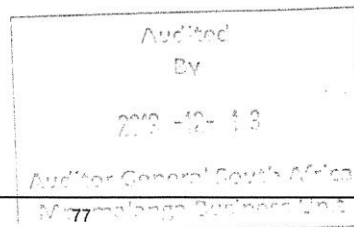
(Registration number MP326)

Audited Consolidated Annual Financial Statements for the year ended 30 June 2019

Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2019	2018	2019	2018
17. Finance lease obligation				
Present value of minimum lease payments due				
- within one year	2,818,416	4,639,134	2,818,416	4,639,134
- in second to fifth year inclusive	-	876,609	-	876,609
	2,818,416	5,515,743	2,818,416	5,515,743
Non-current liabilities	-	876,609	-	876,609
Current liabilities	2,818,416	4,639,134	2,818,416	4,639,134
	2,818,416	5,515,743	2,818,416	5,515,743

The average lease term is 3 years and the average effective borrowing rate is 10.50%. Interest rates are fixed at the contract date. Some leases have fixed repayments terms. No arrangements have been entered into for contingent rent. Obligations under finance leases are secured by the lessor's title to the leased asset.



City of Mbombela

(Registration number MP326)

Audited Consolidated Annual Financial Statements for the year ended 30 June 2019

Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2019	2018	2019	2018
18. Trade and other payables from exchange transactions				
Trade payables and accruals	700,351,585	661,849,358	700,351,588	661,849,359
Payments made in advance	110,342,313	106,920,776	110,342,313	106,920,776
Salaries - Employee related costs	4,864,440	8,809,053	4,862,114	8,806,727
Retentions	86,392,043	83,948,007	86,392,043	83,948,007
Leave accrual	60,079,635	52,576,097	60,079,635	52,576,097
Bulk Water	140,010,420	121,294,890	140,010,420	121,294,890
Agency Fees Payable	324,646,672	158,789,017	324,646,672	158,789,017
Unallocated deposits	46,256,538	37,982,544	46,256,538	37,982,544
Bulk Electricity - Eskom	332,985,949	284,783,179	332,985,949	284,783,179
Bonus accrual	17,373,718	15,347,842	17,373,718	15,347,842
	1,823,303,313	1,532,300,763	1,823,300,990	1,532,298,438

19. Other payables from non - exchange transactions

Transfers payable	59,409,902	11,329,165	59,409,902	11,329,165
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20. Consumer deposits

Sewerage	8,768,560	5,928,076	8,768,560	5,928,076
Electricity	28,643,584	27,683,345	28,643,584	27,683,345
Water	2,731,358	3,185,592	2,731,358	3,185,592
Sports field and community halls	-	123,020	-	123,020
Housing rental	138,689	-	138,689	-
	40,282,191	36,920,033	40,282,191	36,920,033

21. Post employment benefits

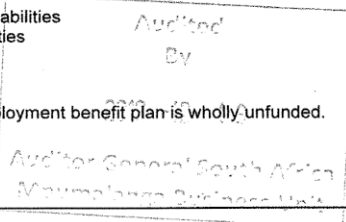
Post employment health care employee benefit

The municipality provides for employees and continuation members to subscribe to a South African Local Government Association accredited medical aid scheme. Upon retirement an employee has the option of continued membership to the medical aid scheme. The municipality provides a 60% subsidy of medical scheme contribution to eligible in service and continuation members upon retirement.

The amounts recognised in the statement of financial position are as follows:

Pending balance	149,109,070	140,966,293	149,109,070	140,966,293
Current service costs	8,037,915	7,938,316	8,037,915	7,938,316
Interest costs	14,170,196	13,637,892	14,170,196	13,637,892
Actuarial gain / (loss)	1,850,266	(9,739,385)	1,850,266	(9,739,385)
Actual post-retirement health care benefits payment	(3,533,442)	(3,694,046)	(3,533,442)	(3,694,046)
	169,634,005	149,109,070	169,634,005	149,109,070
Non-current liabilities	165,363,557	144,778,791	165,363,557	144,778,791
Current liabilities	4,270,448	4,330,280	4,270,448	4,330,280
	169,634,005	149,109,071	169,634,005	149,109,071

The post employment benefit plan is wholly unfunded.



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Notes to the Audited Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2019	2018	2019	2018
Net expense recognised in the statement of financial performance				
Current service cost	8,037,915	7,938,316	8,037,915	7,938,316
Interest cost	14,170,196	13,637,892	14,170,196	13,637,892
Actuarial (gains) losses	1,850,266	(9,739,385)	1,850,266	(9,739,385)
Actual post-retirement health care benefits payment	(3,533,442)	(3,694,046)	(3,533,442)	(3,694,046)
	20,524,935	8,142,777	20,524,935	8,142,777

The medical aid benefit expense is included in employee remuneration.

Assumptions for actuarial valuation

Assumptions made from the actuarial valuation as at 30 June 2018 were as follows:

Discount rate	9.56 %	9.64 %	9.56 %	9.64 %
Consumer inflation	5.49 %	10.00 %	5.49 %	10.00 %
Medical inflation	6.99 %	7.43 %	6.99 %	7.43 %
Maximum subsidy inflation rate	4.87 %	5.20 %	4.87 %	5.20 %
Expected retirement age (years)	62	63	62	63

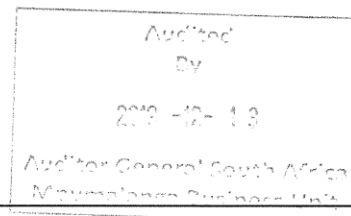
Discount rate

GRAP 25 requires that the discount rate be set based on the yields government bonds of appropriate term. The expected inflation assumption of 5.49% was obtained from the differential between market yields on index-linked bonds consistent with the estimated term of the liabilities (3.38%) and those of fixed interest bonds (9.56%) with a risk premium adjustment for the uncertainty implicit in guaranteeing real increases (0.50%). This was therefore determined as follows: $((1+9.56\%-0.50\%)/(1+3.38\%))-1$.

A 1% change effect as included on the actuarial valuation reports.

	Decrease	Decrease	Decrease	Decrease
Health cost inflation effect on the current service cost	6,962,400	6,953,600	6,962,400	6,953,600
Health cost inflation effect on the defined benefit liability	106,805,000	134,914,000	106,805,000	134,914,000
Discount rate effect on the current service cost	9,918,500	9,837,200	9,918,500	9,837,200
Discount rate effect on the health care benefit liability	149,873,000	175,439,000	149,873,000	175,439,000
Health cost inflation effect on the current interest cost	12,802,800	12,399,700	12,802,800	12,399,700
Discount rate effect on the current service interest cost	14,974,800	14,974,800	14,974,800	14,974,800
	Increase	Increase	Increase	Increase
Health cost inflation effect on the current service cost	8,818,300	8,619,100	8,818,300	8,619,100
Health cost inflation effect on the defined benefit liability	136,911,000	159,520,000	136,911,000	159,520,000
Discount rate effect on the current service cost	6,594,500	6,486,400	6,594,500	6,486,400
Discount rate effect on the health care benefit liability	102,965,000	128,292,000	102,965,000	128,292,000
Health cost inflation effect on the current interest cost	15,172,800	14,502,800	15,172,800	14,502,800
Discount rate effect on the current interest cost	13,425,700	12,857,300	13,425,700	12,857,300

The amounts disclosed above represent a wholly unfunded defined benefit obligation.



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Notes to the Audited Consolidated Annual Financial Statements

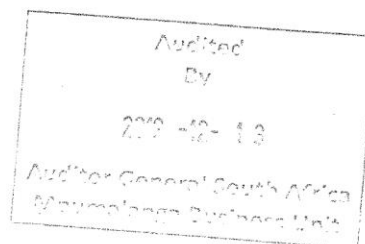
	Economic entity		Controlling entity	
Figures in Rand	2019	2018	2019	2018

22. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

Unspent conditional grants and receipts

Municipal Infrastructure Grant (MIG)	-	82,499,886	-	82,499,886
Integrated National Electrification Programme Grant (INEP)	-	1,128,856	-	1,128,856
Public Transport Network Grant (PTNG)	101,861,275	63,677,142	101,861,275	63,677,142
Municipal Systems Improvement Grant (MSIG)	22,020	9,216	22,020	9,216
Finance Management Grant (FMG)	279	-	279	-
Donations Taxi Disaster Grant	29,327	28,949	29,327	28,949
Energy Efficiency Demand Side Management Grant (EEDSM)	-	213,559	-	213,559
Municipal Disaster Relief Grant	-	86,833	-	86,833
National Lottery Grants	-	4,500,847	-	4,500,847
Expanded Public Works Programme Grant (EPWP)	-	1,063,540	-	1,063,540
Industrial Development Corporation (IDC)	357,910	1,108,957	-	-
	102,270,811	154,317,785	101,912,901	153,208,828



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Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2019	2018	2019	2018

23. Provisions

Reconciliation of non-current portion of provisions - Economic entity - 2019

	Opening Balance	Additions	Change in discount factor	Total
Environmental rehabilitation	157,505,175	14,345,857	3,199,823	175,050,855
Long service awards	68,755,788	8,553,588	-	77,309,376
	226,260,963	22,899,445	3,199,823	252,360,231

Reconciliation of non-current portion of provisions - Economic entity - 2018

	Opening Balance	Additions	Change in discount factor	Total
Environmental rehabilitation	117,678,758	36,742,014	3,084,403	157,505,175
Long service awards	56,475,173	12,280,615	-	68,755,788
	174,153,931	49,022,629	3,084,403	226,260,963

Reconciliation of non-current portion of provisions - Controlling entity - 2019

	Opening Balance	Additions	Change in discount factor	Total
Environmental rehabilitation	157,505,175	14,345,857	3,199,823	175,050,855
Long service awards	68,755,788	8,553,588	-	77,309,376
	226,260,963	22,899,445	3,199,823	252,360,231

Reconciliation of non-current portion of provisions - Controlling entity - 2018

	Opening Balance	Additions	Change in discount factor	Total
Environmental rehabilitation	117,678,758	36,742,014	3,084,403	157,505,175
Long service awards	56,475,173	12,280,615	-	68,755,788
	174,153,931	49,022,629	3,084,403	226,260,963

Non-current liabilities	239,337,367	214,125,492	239,337,367	214,125,492
Current liabilities	13,022,864	12,135,471	13,022,864	12,135,471
	252,360,231	226,260,963	252,360,231	226,260,963

Environmental rehabilitation

The provision for rehabilitation of landfill sites relates to the legal obligation to rehabilitate landfill sites used for waste disposal in accordance with the National Environmental Management Act 107 of 1998 and the Environment Conservation Act No 73 of 1989. The landfill sites are rehabilitated at the end of each useful life. It is calculated as the present value of the expenditure expected to be required to settle the future obligation to rehabilitate the landfill sites.

The discount rate used reflect the current market assessment of the time value of money and the risks specific to the liability. The valuation for the provision of the landfill sites was reviewed by an independent landfill site and environmental expert

Financial Assumptions used for the provision of landfill site

The financial assumptions used for the provision of landfill site rehabilitation at 30 June were as follows:

Adjustments of unit costs	4.46 %	4.48 %	4.46 %	4.48 %
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City of Mbombela

(Registration number MP326)

Audited Consolidated Annual Financial Statements for the year ended 30 June 2019

Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2019	2018	2019	2018
Consumer Price Index (CPI)	4.46 %	4.48 %	4.46 %	4.48 %
Discount rate				
Tekwane West and Barberton Landfill sites	7.64 %	7.48 %	7.64 %	7.48 %
Mbombela and Mbonisweni Landfill sites	7.14 %	6.98 %	7.14 %	6.98 %
Hazyview Landfill sites	7.14 %	6.98 %	7.14 %	6.98 %
Net effective discount rate (inflation linked bond rates) above Consumer Price Index (CPI)				
Tekwane West and Barberton landfill sites	3.00 %	3.00 %	3.00 %	3.00 %
Mbombela and Mbonisweni landfill sites	2.50 %	2.50 %	2.50 %	2.50 %
Hazyview landfill site	2.50 %	2.50 %	2.50 %	2.50 %

Long service award

In accordance with the bargaining collective agreement on conditions of service for the Mpumalanga division and municipal policy, the municipality makes provision for long service awards where employees have uninterrupted service of at least five (5) years.

The amounts recognised in the statement of financial position are as follows:

Opening balance	68,755,788	56,475,173	68,755,788	56,475,173
Current service costs	6,023,591	5,313,675	6,023,591	5,313,675
Interest costs	5,239,086	4,780,135	5,239,086	4,780,135
Actuarial gain	7,044,684	6,538,779	7,044,684	6,538,779
Expenditure incurred	(9,753,773)	(4,351,974)	(9,753,773)	(4,351,974)
	77,309,376	68,755,788	77,309,376	68,755,788

Net expense recognised in the statement of financial performance

Current service cost	6,023,591	5,313,675	6,023,591	5,313,675
Interest cost	5,239,086	4,780,135	5,239,086	4,780,135
Actuarial (gains) losses	7,044,684	6,538,779	7,044,684	6,538,779
Expenditure incurred	(9,753,773)	(4,351,975)	(9,753,773)	(4,351,975)
	8,553,588	12,280,614	8,553,588	12,280,614

Assumptions for actuarial valuation

Assumptions made from the actuarial valuation as at 30 June 2019 were as follows:

Discount rate	8.16 %	8.13 %	8.16 %	8.13 %
Consumer inflation	4.56 %	10.00 %	4.56 %	10.00 %
Salary inflation	5.56 %	5.88 %	5.56 %	5.88 %

Discount rate

GRAP 25 requires that the discount rate be set based on the yields government bonds of appropriate term. The expected inflation assumption of 4.56% was obtained from the differential between market yields on index-linked bonds (2.96%) consistent with the estimated terms of the liabilities and those of nominal bonds (8.16%) with a risk premium adjustment for the uncertainty implicit in guaranteeing real increases (0.50%). Therefore, expected inflation is determined as $((1+8.16\%-0.50\%)/(1+2.96\%))-1$.

A 1% change effect as included on the actuarial valuation report.

			Decrease	Decrease
Discount rate effect on the current service cost	6,474,200	5,874,700	6,474,200	5,874,700
Discount rate effect on the unfunded accrued liability	82,753,000	61,626,000	82,753,000	61,626,000

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Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2019	2018	2019	2018
Discount rate effect on the interest cost	4,936,400	4,627,500	4,936,400	4,627,500
Discount rate effect on the current service cost	5,628,100	58,774,700	5,628,100	58,774,700
Discount rate effect on the unfunded accrued liability	72,488,000	52,014,000	72,488,000	52,014,000
Discount rate effect on the interest cost	5,495,900	4,896,700	5,495,900	4,896,700
24. Other financial liabilities				
Jobbing and contracts	3,853,005	4,053,040	3,853,005	4,053,040
25. Sale of goods and rendering of services				
Advertisements	4,400,561	3,931,285	4,400,561	3,931,285
Amendment fees	4,048,695	3,836,528	4,048,695	3,836,528
Application fees for Land Usage	2,608,470	9,368,491	2,608,470	9,368,491
Burial fees	880,592	703,480	880,592	703,480
Entrance fee	171,748	149,726	171,748	149,726
Fire services	148,998	213,592	148,998	213,592
Membership fee - library	115	2,908	115	2,908
Photocopies & faxes	161,314	139,814	161,314	139,814
	12,420,493	18,345,824	12,420,493	18,345,824
26. Service charges				
Sale of electricity	995,105,522	872,307,275	995,105,522	872,307,275
Sale of water	103,692,358	88,654,354	103,692,358	88,654,354
Solid waste	121,200,571	100,726,518	121,200,571	100,726,518
Sewerage and sanitation charges	21,829,633	27,221,550	21,829,633	27,221,550
	1,241,828,084	1,088,909,697	1,241,828,084	1,088,909,697
27. Rental of facilities and equipment				
Facilities and equipment	11,676,380	9,878,092	11,676,380	9,878,092
28. Agency services				
Department of Community Safety, Security and Liaison				
Agency services	42,316,544	38,796,084	42,316,544	38,796,084
Revenue received on behalf of the department	217,786,075	194,834,924	217,786,075	194,834,924
Less: License card fees	(3,264,393)	(3,128,892)	(3,264,393)	(3,128,892)
Less: VAT on agency fees	(6,347,482)	(5,547,443)	(6,347,482)	(5,547,443)
Less: Accruals and payments to the department	(165,857,656)	(147,362,505)	(165,857,656)	(147,362,505)
	42,316,544	38,796,084	42,316,544	38,796,084
29. Licences and permits				
Trading	1,000	1,665	1,000	1,665
Driver's licence application fees	3,259,826	3,194,217	3,259,826	3,194,217
	3,260,826	3,195,882	3,260,826	3,195,882

City of Mbombela

(Registration number MP326)

Audited Consolidated Annual Financial Statements for the year ended 30 June 2019

Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2019	2018	2019	2018
30. Other income				
Collection fees	5,672,467	3,450,636	5,672,467	3,450,636
Bad Debts Recovered	27,589,308	4,634,722	27,589,308	4,634,722
Municipal information and statistics	1,428,251	1,461,150	1,428,251	1,461,150
Insurance refund	316,800	1,935,007	316,800	1,935,007
Administration and management fees received	3,848,075	4,431,922	3,848,075	4,431,922
Commissions received	3,327,595	2,548,420	3,327,595	2,548,420
Revenue recognised from service contributions	8,423,478	3,242,258	8,423,478	3,242,258
Sale of property	-	320,000	-	320,000
Staff recoveries	3,888	42,544	3,888	42,544
Accident report	116,498	-	116,498	-
	50,726,360	22,066,659	50,726,360	22,066,659
31. Finance income				
Cash and cash equivalents	7,422,536	9,668,303	7,382,508	9,597,394
Receivables from exchange transactions	27,028,465	42,909,473	27,028,465	42,909,473
	34,451,001	52,577,776	34,410,973	52,506,867
32. Gain or (loss) on impairment				
Gain (loss) on impairment of receivables	50,838,131	92,388,517	50,838,131	92,388,517
33. Property rates				
Rates received				
Residential	360,682,812	269,574,560	360,682,812	269,574,560
Commercial	388,046,988	306,393,960	388,046,988	306,393,960
State	125,101,296	77,048,279	125,101,296	77,048,279
Agriculture	26,614,857	24,983,568	26,614,857	24,983,568
Other	3,608,605	3,714,156	3,608,605	3,714,156
Less: Income forgone	(272,794,868)	(216,041,075)	(272,794,868)	(216,041,075)
	631,259,690	465,673,448	631,259,690	465,673,448
Valuations				
Residential	19,558,742,751	18,655,494,814	19,558,742,751	18,655,494,814
Commercial	19,265,247,900	3,691,218,223	19,265,247,900	13,691,218,223
State	4,804,874,650	2,938,664,904	4,804,874,650	2,938,664,904
Municipal	1,440,394,770	19,622,500	1,440,394,770	19,622,500
Agriculture	11,553,420,600	7,508,185,830	11,553,420,600	7,508,185,830
Other	949,709,100	592,381,334	949,709,100	592,381,334
	77,572,389,771	13,405,567,605	77,572,389,771	53,405,567,605

The City compiled and certified the general valuation roll for implementation with effect from 1 July 2018. Valuations are performed every 5 years, in accordance with the Municipal Property Rates Act, 2004 which came into effect 1 July 2009.

A general rate of 0.009812 cent in a Rand (2018 : 0.009812) was applied to property valuations to determine property rates. Various rebates are granted to residential, business, agricultural and other properties and/or categories of owners in terms of the approved Property Rates By-Law. Rates are levied on a monthly basis on property owners. Interest at 11.25% per annum (2018 : 11.25%) is levied on outstanding rates.

City of Mbombela

(Registration number MP326)

Audited Consolidated Annual Financial Statements for the year ended 30 June 2019

Notes to the Audited Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2019	2018	2019	2018

34. Government grants and subsidies

Operating grants

Equitable share	661,329,001	608,678,000	661,329,001	608,678,000
Financial Management Grant	3,469,700	3,400,001	3,469,700	3,400,001
Municipal Systems Improvement Grant	1,032,980	-	1,032,980	-
Expanded Public Works Programme	8,240,000	5,650,460	8,240,000	5,650,460
Municipal Infrastructure Grant	24,980	14,793,727	24,980	14,793,727
Municipal Dermacation Grant	-	4,565,999	-	4,565,999
Public Transport Network Grant	89,604,268	53,884,654	89,604,268	53,884,654
Industrial Development Corporation	751,047	230,433	-	-
	764,451,976	691,203,274	763,700,929	690,972,841

Capital grants

Municipal Infrastructure Grant	336,954,963	326,383,639	336,954,963	326,383,639
Energy Efficiency Demand Side Management	-	9,422,108	-	9,422,108
Neighbourhood Development Partnership Grant	29,160,871	38,135,000	29,160,871	38,135,000
Integrated National Electrification Programme	26,995,652	31,235,477	26,995,652	31,235,477
Water Services Infrastructure Grant	-	29,273,000	-	29,273,000
Public Transport Network Grant	69,443,575	94,111,204	69,443,575	94,111,204
	462,555,061	528,560,428	462,555,061	528,560,428
	1,227,007,037	1,219,763,702	1,226,255,990	1,219,533,269

Equitable Share

Equitable share	661,329,001	608,678,000	661,329,001	608,678,000
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This grant is unconditional and is partially utilised for the indigent support through provision free basic services.

Municipal Infrastructure Grant (MIG)

Balance unspent at beginning of year	82,499,886	125,004,259	82,499,886	125,004,259
Current-year receipts	336,980,000	339,939,000	336,980,000	339,939,000
Conditions met - transferred to revenue - capital	(293,001,105)	(283,205,263)	(293,001,105)	(283,205,263)
Conditions met - transferred to revenue - operating	(24,980)	(14,793,727)	(24,980)	(14,793,727)
Conditions met - transferred to revenue - VAT	(43,953,913)	(43,178,375)	(43,953,913)	(43,178,375)
Transferred to equitable share	(41,249,974)	(41,266,008)	(41,249,974)	(41,266,008)
Transferred to payables	(41,249,914)	-	(41,249,914)	-
	-	82,499,886	-	82,499,886

This grant was used to accelerate basic infrastructure backlogs for the benefit of poor households. The amount transferred to operating relates to projects budgeted for as capital and service delivery related but for financial reporting purposes the asset identification and recognition criteria is not met

Auditor General South Africa
Mbombela Business Unit

City of Mbombela

(Registration number MP326)

Audited Consolidated Annual Financial Statements for the year ended 30 June 2019

Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2019	2018	2019	2018
Integrated National Electrification Programme Grant (INEP)				
Balance unspent at beginning of year	1,128,856	779,659	1,128,856	779,659
Current-year receipts	31,045,000	31,000,000	31,045,000	31,000,000
Conditions met - transferred to revenue - capital	(26,995,653)	(26,103,336)	(26,995,653)	(26,103,336)
Conditions met - transferred to revenue - VAT	(4,049,348)	(3,767,807)	(4,049,348)	(3,767,807)
Transferred to equitable share	(1,128,855)	(779,660)	(1,128,855)	(779,660)
	-	1,128,856	-	1,128,856

The grant was used to address the electrification backlogs of occupied residential dwellings and the installation of bulk infrastructure, rehabilitation and refurbishment of electricity infrastructure in order to improve the quality of supply. The revenue recognised met the conditions of the grant.

Public Transport Network Grant (PTNG)

Balance unspent at beginning of year	63,677,142	34,287,821	63,677,142	34,287,821
Current-year receipts	203,454,000	211,673,000	203,454,000	211,673,000
Conditions met - transferred to revenue - capital	(69,443,575)	(75,517,774)	(69,443,575)	(75,517,774)
Conditions met - transferred to revenue - operating	(68,858,897)	(53,884,654)	(68,858,897)	(53,884,654)
Conditions met - transferred to revenue - VAT	(20,745,371)	(18,593,430)	(20,745,371)	(18,593,430)
Transferred to equitable share	(6,222,024)	(34,287,821)	(6,222,024)	(34,287,821)
	101,861,275	63,677,142	101,861,275	63,677,142

The grant was used for accelerated planning, construction and improvement of public and non-motorised transport infrastructure and services. The revenue recognised met the conditions of the grant. The unspent amount of R 101 861 275 relating to the current financial year was not approved for roll over by National Treasury and will subsequently be set off against the Equitable share allocation trench for December 2019.

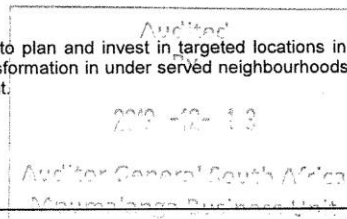
Water Services Infrastructure Grant (WSIG)

Balance unspent at beginning of year	-	4,732,664	-	4,732,664
Current-year receipts	-	29,273,000	-	29,273,000
Conditions met - transferred to revenue - capital	-	(25,663,000)	-	(25,663,000)
Conditions met - transferred to revenue - VAT	-	(3,610,001)	-	(3,610,001)
Transferred to equitable share	-	(4,732,666)	-	(4,732,666)
	-	-	-	-

Neighbourhood Development Partnership Grant (NDPG)

Balance unspent at beginning of year	-	1,965	-	1,965
Current-year receipts	33,535,000	38,135,000	33,535,000	38,135,000
Conditions met - transferred to revenue	(29,160,870)	(33,290,322)	(29,160,870)	(33,290,322)
Other	(4,374,130)	(4,844,677)	(4,374,130)	(4,844,677)
	-	(1,966)	-	(1,966)

The grant was used to plan and invest in targeted locations in order to attract and sustain third party capital investment aimed at spatial transformation in under served neighbourhoods, specifically in townships. The revenue recognised met the conditions of the grant.



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Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2019	2018	2019	2018
Municipal Demarcation Grant				
Balance unspent at beginning of year	-	54,197	-	54,197
Current-year receipts	-	4,566,000	-	4,566,000
Conditions met - transferred to revenue	-	(3,980,440)	-	(3,980,440)
Conditions met - transferred to revenue - VAT	-	(585,560)	-	(585,560)
Transferred to equitable share	-	(54,194)	-	(54,194)
	-	-	-	-

Municipal Systems Improvement Grant (MSIG)

Balance unspent at beginning of year	9,216	9,216	9,216	9,216
Current-year receipts	1,055,000	-	1,055,000	-
Conditions met - transferred to revenue	(1,032,980)	-	(1,032,980)	-
Transferred to equitable share	(9,216)	-	(9,216)	-
	22,020	9,216	22,020	9,216

The grant was used for the implementation of revenue enhancement strategy, strengthening administrative systems for effective implementation of ward participation system, financial systems support and improving municipal audit outcome. The unspent amount of R 22 020 relating to the current financial year was not approved for roll over by National Treasury and will subsequently be set off against the Equitable share allocation trench for December 2019.

Finance Management Grant (FMG)

Current-year receipts	3,470,000	3,400,000	3,470,000	3,400,000
Conditions met - transferred to revenue	(3,469,721)	(3,400,000)	(3,469,721)	(3,400,000)
	279	-	279	-

The grant was used to promote and support financial management reforms through financial management internship reforms and in-house capacity building programmes. The revenue recognised met the conditions of the grant.

Donations Taxi Disaster Grant

Balance unspent at beginning of year	28,949	28,466	28,949	28,466
Current-year receipts	378	483	378	483
	29,327	28,949	29,327	28,949

Energy Efficiency Demand Side Management (EEDSM)

Balance unspent at beginning of year	213,559	35,685	213,559	35,685
Current-year receipts	-	11,000,000	-	11,000,000
Conditions met - transferred to revenue - capital	-	(9,422,108)	-	(9,422,108)
Conditions met - transferred to revenue - VAT	-	(1,364,333)	-	(1,364,333)
Transferred to equitable share	(213,559)	(35,685)	(213,559)	(35,685)
	213,559	-	213,559	-

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Notes to the Audited Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2019	2018	2019	2018

Disaster Relief Grant

Balance unspent at beginning of year	86,833	86,833	86,833	86,833
Transferred to equitable share	(86,833)	-	(86,833)	-
	-	86,833	-	86,833

National Lottery Grant

Balance unspent at beginning of year	4,500,847	4,500,593	4,500,847	4,500,593
Current-year receipts	-	254	-	254
Transferred to payables	(4,500,847)	-	(4,500,847)	-
	-	4,500,847	-	4,500,847

Expanded Public Works Programme

Balance unspent at beginning of year	1,063,540	-	1,063,540	-
Current-year receipts	8,240,000	6,714,000	8,240,000	6,714,000
Conditions met - transferred to revenue	(8,240,000)	(5,650,460)	(8,240,000)	(5,650,460)
Transferred to equitable share	(1,063,540)	-	(1,063,540)	-
	-	1,063,540	-	1,063,540

The grant was used to expand labour intensive delivery methods in waste management, road maintenance and other programmes in accordance with the grant framework.

Industrial Development Corporation

Balance unspent at beginning of year	1,108,957	1,339,389	-	-
Conditions met - transferred to revenue	(751,047)	(230,432)	-	-
	357,910	1,108,957	-	-

The purpose of the grant which Industrial Development Corporation (IDC) transferred to the entity was for the entity's operating activities and local economic development initiatives and programmes as per the conditions of the grant framework.

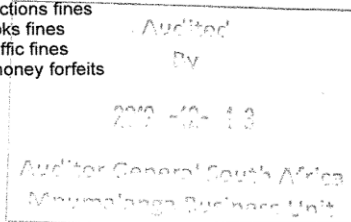
35. Public contributions and donations

Donations	11,148,491	-	11,148,491	-
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This represent the value of library materials that were donated by the Mpumalanga Department of Culture, Sport and Recreation during the current financial year.

36. Fines, penalties and forfeits

Building fines	6,339	-	6,339	-
Illegal connections fines	1,151,082	42,607	1,151,082	42,607
Overdue books fines	16,546	5,985	16,546	5,985
Municipal traffic fines	8,212,865	2,393,971	8,212,865	2,393,971
Unclaimed money forfeits	934,594	4,186,837	934,594	4,186,837
	10,321,426	6,629,400	10,321,426	6,629,400



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Figures in Rand	Economic entity		Controlling entity	
	2019	2018	2019	2018
37. Employee related costs				
Basic salary and wages	476,993,926	426,502,105	476,740,701	426,241,211
Bonus	39,662,460	35,587,860	39,662,460	35,587,860
Social Contributions - Medical	40,340,550	37,723,521	40,340,550	37,723,521
Social Contributions - Unemployment Insurance Fund	3,447,921	3,443,212	3,446,145	3,441,436
Tools allowance	326,130	303,956	326,130	303,956
Payment in lieu of leave	8,812,552	5,437,376	8,812,552	5,437,376
Overtime	119,783,806	96,380,839	119,783,806	96,380,839
Defined benefit obligation	22,208,111	21,576,208	22,208,111	21,576,208
Remuneration of Company Secretary - Entity	64,486	-	-	-
Social Contributions: Pension	95,266,222	83,465,017	95,266,222	83,465,017
Uniform/Special/Protective Clothing	149	11,888	149	11,888
Acting and post related allowances	3,247,260	2,209,117	3,247,260	2,209,117
Travel or motor vehicle	46,433,441	44,096,223	46,433,441	44,096,223
Housing benefits and allowances	4,080,304	3,518,728	4,080,304	3,518,728
Long service award	18,307,361	16,885,566	18,307,361	16,885,566
Standby Allowance	16,923,550	16,246,904	16,923,550	16,246,904
Cellular and telephone	4,736,629	4,396,534	4,736,629	4,396,534
Actuarial Gain on Defined Benefit Liability	1,850,266	(9,739,385)	1,850,266	(9,739,385)
Remuneration of the Chief Financial Officer - Entity	117,764	-	-	-
Remuneration of the Chief Executive Officer - Entity	126,772	-	-	-
Social Contributions - Group Life Insurance	5,562,485	4,757,332	5,562,485	4,757,332
Social Contributions - Bargaining Council	200,716	191,417	200,716	191,417
Remuneration of General Manager - Office of Council	1,683,921	904,530	1,683,921	904,530
Overtime - Shift additional remuneration	6,783,526	5,303,149	6,783,526	5,303,149
Employee costs - Remuneration of the Municipal Manager	2,432,501	2,277,549	2,432,501	2,277,549
Remuneration of Deputy Municipal Manager - Service Delivery	1,933,850	2,059,824	1,933,850	2,059,824
Remuneration of Deputy Municipal Manager - Institutional Development	1,809,282	1,251,947	1,809,282	1,251,947
Remuneration of General Manager - City Planning	1,664,726	1,815,679	1,664,726	1,815,679
Remuneration of General Manager - Community Services	1,528,372	1,503,713	1,528,372	1,503,713
Remuneration of General Manager - Corporate Services	1,756,794	1,631,641	1,756,794	1,631,641
Remuneration of General Manager - Energy	1,836,807	1,531,127	1,836,807	1,531,127
Remuneration of General Manager - Public Safety	868,238	1,020,820	868,238	1,020,820
Remuneration of General Manager - Public works, Roads and Transport	1,634,698	905,450	1,634,698	905,450
Remuneration of General Manager - Regional Centre Coordination	1,541,784	1,020,820	1,541,784	1,020,820
Remuneration of General Manager - Strategic Management Services	544,976	1,468,454	544,976	1,468,454
Remuneration of General Manager - Water and Sanitation	1,369,172	1,203,015	1,369,172	1,203,015
Remuneration of the Chief Financial Officer	1,631,955	226,188	1,631,955	226,188
	937,513,463	817,118,324	936,949,440	816,855,654

2019-10-13
Auditor General South Africa
Mamamanga Business Unit

City of Mbombela

(Registration number MP326)

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Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2019	2018	2019	2018
Remuneration of Municipal Manager				
Annual remuneration	2,043,335	1,904,284	2,043,335	1,904,284
Contributions to UIF, medical and pension funds	1,890	1,884	1,890	1,884
Car allowance	300,000	300,000	300,000	300,000
Cellphone allowance	76,378	71,381	76,378	71,381
Payment in lieu of leave	10,898	-	10,898	-
	2,432,501	2,277,549	2,432,501	2,277,549

Remuneration of Chief Financial Officer

Annual remuneration	1,214,095	-	1,214,095	-
Contributions to UIF, medical and pension funds	153,385	-	153,385	-
Car allowance	196,000	-	196,000	-
Cellphone allowance	30,777	-	30,777	-
Acting and post related allowance	37,698	226,188	37,698	226,188
	1,631,955	226,188	1,631,955	226,188

The position of the Chief Financial Officer became vacant from 1 July 2017. The Co-Operative Governance and Traditional Affairs Department seconded an Acting Chief Financial Officer from Ehlanzeni District Municipality for a period of 18 months thereafter was appointed with effect from 1 September 2018 as per council resolution of 23 August 2018 under item B(1).

Remuneration of General Manager - Strategic Management Services

Annual remuneration	451,654	885,614	451,654	885,614
Contributions to UIF, medical and pension funds	595	84,803	595	84,803
Cellphone allowance	12,727	30,022	12,727	30,022
Car allowance	80,000	202,559	80,000	202,559
Payment in lieu of leave	-	201,711	-	201,711
Acting and post related allowance	-	63,745	-	63,745
	544,976	1,468,454	544,976	1,468,454

Council has at its meeting held 28 of February 2019 under item number B(2), resolved on the appointment of the General Manager: Strategic Management with effect from the 1st of March 2019.

Remuneration of Deputy Municipal Manager - Institutional Development

Annual remuneration	1,429,103	978,893	1,429,103	978,893
Contributions to UIF, medical and pension funds	1,785	1,487	1,785	1,487
Car allowance	300,000	242,500	300,000	242,500
Cellphone allowance	38,181	29,067	38,181	29,067
Acting and post related allowance	40,213	-	40,213	-
	1,809,282	1,251,947	1,809,282	1,251,947

Remuneration of Deputy Municipal Manager - Service Delivery

Annual remuneration	1,521,102	1,401,426	1,521,102	1,401,426
Contributions to UIF, medical and pension funds	1,785	1,785	1,785	1,785
Car allowance	353,290	376,842	353,290	376,842
Cellphone allowance	32,611	23,190	32,611	23,190
Acting and post related allowance	25,062	69,622	25,062	69,622
Payment in lieu of leave	-	186,959	-	186,959
	1,933,850	2,059,824	1,933,850	2,059,824

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Mamamanga Business Unit

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Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2019	2018	2019	2018
Remuneration of General Manager - Corporate Services				
Annual remuneration	1,476,828	1,192,529	1,476,828	1,192,529
Contributions to UIF, medical and pension funds	1,785	19,267	1,785	19,267
Car allowance	240,000	240,000	240,000	240,000
Cellphone allowance	38,181	35,684	38,181	35,684
Acting & post related allowance	-	2,622	-	2,622
Payment in lieu of leave	-	141,539	-	141,539
	1,756,794	1,631,641	1,756,794	1,631,641
Remuneration of General Manager - Regional Centre Coordination				
Annual remuneration	1,201,818	754,443	1,201,818	754,443
Contributions to UIF, medical and pension funds	1,785	1,338	1,785	1,338
Car allowance	300,000	236,706	300,000	236,706
Cellphone allowance	38,181	28,333	38,181	28,333
	1,541,784	1,020,820	1,541,784	1,020,820
Remuneration of General Manager - Public Works, Roads and Transport				
Annual remuneration	1,336,948	702,328	1,336,948	702,328
Contributions to UIF, medical and pension funds	19,569	42,307	19,569	42,307
Car allowance	240,000	140,000	240,000	140,000
Cellphone allowance	38,181	20,815	38,181	20,815
	1,634,698	905,450	1,634,698	905,450
Remuneration of General Manager - Energy				
Annual remuneration	1,333,877	1,144,452	1,333,877	1,144,452
Contributions to UIF, medical and pension funds	1,785	1,785	1,785	1,785
Car allowance	265,585	290,113	265,585	290,113
Cellphone allowance	26,115	19,325	26,115	19,325
Acting & post related allowance	-	75,452	-	75,452
Payment in lieu of leave	209,445	-	209,445	-
	1,836,807	1,531,127	1,836,807	1,531,127
Remuneration of General Manager - Water and Sanitation				
Annual remuneration	1,129,135	850,193	1,129,135	850,193
Contributions to UIF, medical and pension funds	1,487	169,902	1,487	169,902
Car allowance	200,000	152,898	200,000	152,898
Cellphone allowance	31,817	30,022	31,817	30,022
Payment in lieu of leave	6,733	-	6,733	-
	1,369,172	1,203,015	1,369,172	1,203,015
Remuneration of General Manager - Community Services				
Annual remuneration	1,170,622	1,010,101	1,170,622	1,010,101
Contributions to UIF, medical and pension funds	19,569	69,416	19,569	69,416
Car allowance	300,000	317,500	300,000	317,500
Cellphone allowance	38,181	37,988	38,181	37,988
Payment in lieu of leave	-	68,708	-	68,708
	1,528,372	1,503,713	1,528,372	1,503,713

City of Mbombela

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Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2019	2018	2019	2018
Remuneration of General Manager - Public Safety				
Annual remuneration	592,393	754,443	592,393	754,443
Contributions to UIF, medical and pension funds	1,190	1,338	1,190	1,338
Cellphone allowance	22,272	28,333	22,272	28,333
Car allowance	175,000	236,706	175,000	236,706
Payment in lieu of leave	77,383	-	77,383	-
	868,238	1,020,820	868,238	1,020,820

The contract of the General Manager Public Safety ended 31 January 2019.

Remuneration of General Manager - City Planning

Annual remuneration	1,397,355	1,114,860	1,397,355	1,114,860
Contributions to UIF, medical and pension funds	85,190	306,070	85,190	306,070
Car allowance	144,000	144,000	144,000	144,000
Cellphone allowance	38,181	35,684	38,181	35,684
Payment in lieu of leave	-	215,065	-	215,065
	1,664,726	1,815,679	1,664,726	1,815,679

Remuneration of General Manager - Office of Council

Annual remuneration	1,354,962	742,674	1,354,962	742,674
Car allowance	240,000	140,000	240,000	140,000
Contributions to UIF, medical and pension funds	1,785	1,041	1,785	1,041
Cellphone allowance	38,181	20,815	38,181	20,815
Acting & post related allowance	48,994	-	48,994	-
	1,683,922	904,530	1,683,922	904,530

Remuneration of the Chief Executive Officer - Entity

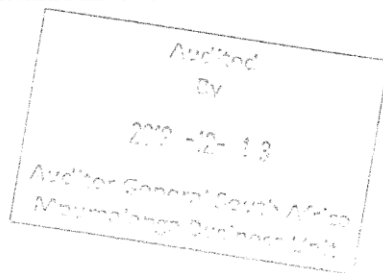
Acting & post related allowance	126,772	-	-	-
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Remuneration of the Chief Financial Officer - Entity

Acting & post related allowance	117,764	-	-	-
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Remuneration of the Company Secretary- Entity

Acting & post related allowance	64,486	-	-	-
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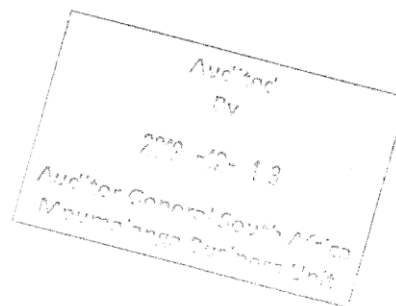
City of Mbombela

(Registration number MP326)

Audited Consolidated Annual Financial Statements for the year ended 30 June 2019

Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2019	2018	2019	2018
43. Bad debts written off				
Bad debts written off	243,757,993	252,693,799	243,757,993	252,693,799
44. Bulk purchases				
Electricity - Eskom	708,306,998	666,785,960	708,306,998	666,785,960
Water	37,993,393	40,026,247	37,993,393	40,026,247
	746,300,391	706,812,207	746,300,391	706,812,207



City of Mbombela

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Audited Consolidated Annual Financial Statements for the year ended 30 June 2019

Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2019	2018	2019	2018
38. Remuneration of councillors and board members				
Executive Mayor	1,069,999	1,029,624	1,069,999	1,029,624
Mayoral Committee Members	7,909,787	7,640,450	7,909,787	7,640,450
Speaker	829,486	818,805	829,486	818,805
Councillors	26,341,757	25,621,144	26,341,757	25,621,144
Councillors pension contribution	2,556,456	2,573,195	2,556,456	2,573,195
Chief whip	825,031	738,605	758,645	738,605
	39,532,516	38,421,823	39,466,130	38,421,823

Remuneration paid to all councillors are within the upper limits set by the Minister for Co-Operative Governance and Traditional Affairs as per his vested power set out in the Remuneration of Public Office Bearers Act no 20 of 1998.

In-kind benefits

The Executive Mayor, the Speaker and Members of the Mayoral Committee are full-time. Each is provided with an office and secretarial support at the cost of the Council. The Executive Mayor and Speaker have the use of a Council leased vehicle for official duties.

Council provided security at the private residences of the Executive Mayor and several other councillors through private security firms at the cost to Council based on the security risk assessment conducted.

39. Inventory Consumed

Material and Supplies	12,768,275	3,833,948	12,768,275	3,833,948
Consumables	37,574,970	42,919,927	37,574,970	42,919,927
	50,343,245	46,753,875	50,343,245	46,753,875

40. Depreciation and amortisation

Property, plant and equipment	503,230,843	499,597,893	503,227,837	499,595,023
Investment property	2,112,005	2,112,006	2,112,005	2,112,006
Intangible assets	1,242,830	1,169,370	1,240,913	1,167,452
	506,585,678	502,879,269	506,580,755	502,874,481

41. Finance costs

Borrowings	50,008,019	34,151,763	50,008,019	34,151,763
Trade and other payables	36,874,148	28,909,554	36,874,148	28,909,554
Finance leases	485,427	39,478	485,427	39,478
Bank	97,913	86,543	97,913	86,543
Other interest payable	3,199,823	3,084,403	3,199,823	3,084,403
	90,665,330	66,271,741	90,665,330	66,271,741

42. Operating lease

Operating lease	8,097,143	6,797,111	8,097,143	6,797,111
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The City is leasing various buildings for office accommodation purposes and fleet vehicle for the official trips of the Executive Mayor. These lease contracts have options for renewal on the terms and conditions agreed by all parties. The escalation rates ranges between 8-10 per cent respectively for the office accommodation leases.

There is no contingent rent paid or payable on all the agreements.

City of Mbombela

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Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2019	2018	2019	2018
45. Contracted services				
Refuse removal	31,772,310	25,495,539	31,772,310	25,495,539
Cleaning services	2,537,232	4,751,572	2,537,232	4,751,572
Burial services	4,206,475	3,587,801	4,206,475	3,587,801
Personal and labour	523,455	604,510	523,455	604,510
Meter management	11,830,461	10,257,212	11,830,461	10,257,212
Internal Auditors	7,516,412	1,776,900	7,516,412	1,776,900
Drivers licence cards	2,979,117	2,636,287	2,979,117	2,636,287
Mini dumping sites	29,066,408	21,126,251	29,066,408	21,126,251
Catering services	4,990,616	6,485,534	4,990,616	6,485,534
Contractors - Water and Sanitation Services	61,654,480	29,917,011	61,654,480	29,917,011
Human resources	8,706,648	3,822,215	8,706,648	3,822,215
Research and advisory	8,382,151	10,886,282	8,382,151	10,886,282
Connection/dis-connection:Electricity	-	991,470	-	991,470
Project management	31,321,232	24,196,408	31,321,232	24,196,408
Business and Advisory - Organisational	4,397,796	2,464,500	4,397,796	2,464,500
Illegal dumping	20,157,794	13,065,919	20,157,794	13,065,919
Hygiene services	59,783	205,230	59,783	205,230
Engineering - civil	70,606,835	55,824,952	70,606,835	55,824,952
Business and financial management	19,104,030	28,942,550	19,104,030	28,942,550
Accounting and auditing	11,263,299	8,017,508	11,263,299	8,017,508
Infrastructure and Planning - Town Planner	4,405,380	2,215,898	4,405,380	2,215,898
Laboratory services - Water	2,083,712	568,658	2,083,712	568,658
Legal Cost - Legal advice and litigation	10,734,291	7,330,620	10,734,291	7,330,620
Legal Cost - Collection	4,901	741,360	4,901	741,360
Legal Cost - Issue of Summons	1,504,291	539,521	1,504,291	539,521
Medical examinations	155,109	-	155,109	-
Transport services	443,590	113,864	443,590	113,864
Electrical	4,528,889	18,145,054	4,528,889	18,145,054
Fire protection	1,251,994	4,691,956	1,251,994	4,691,956
Gardening services	17,700,477	19,468,437	17,700,477	19,468,437
Contractors - Maintenance of buildings and facilities	24,853,120	22,067,710	24,853,120	22,067,710
Contractors - Maintenance of unspecified assets	142,912,924	112,822,406	142,912,924	112,822,406
Contractors - Maintenance of equipment	15,647,523	13,903,696	15,647,523	13,903,696
Traffic and street lights	188,547	2,530,942	188,547	2,530,942
Grading of sport fields	6,366,307	3,752,312	6,366,307	3,752,312
Graphic designers	-	27,435	-	27,435
Gas	-	4,897	-	4,897
Transportation	30,870	15,000	30,870	15,000
Security services	56,462,015	54,501,955	56,462,015	54,501,955
Alien vegetation control	252,853	398,649	252,853	398,649
Event promoters	3,680,298	1,792,335	3,680,298	1,792,335
Sports and recreation	780,351	83,180	780,351	83,180
Bore waterhole drilling	172,964	-	172,964	-
Litter picking and street cleaning	931,154	-	931,154	-
Medical waste removal	5,407	-	5,407	-
Personnel and labour	170,180	-	170,180	-
Audio - visual services	114,400	172,812	114,400	172,812
Stage and sound crew	1,057,277	828,862	1,057,277	828,862
	627,515,358	521,773,210	627,515,358	521,773,210

Auditor General South Africa
Mbombela Business Unit

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Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2019	2018	2019	2018
46. Transfers and subsidies				
Non-profit institutions	2,950,000	2,223,446	2,950,000	2,223,446
Social Assistance: Grant In Aid	58,990	28,275	58,990	28,275
Poverty relief	354,390	51,752	354,390	51,752
Bursaries	4,168,712	1,582,974	4,168,712	1,582,974
Free basic services - electricity	4,315,747	4,001,970	4,315,747	4,001,970
Free basic services - water	32,525,512	24,023,267	32,525,512	24,023,267
	44,373,351	31,911,684	44,373,351	31,911,684
47. Operational costs				
Advertising	4,164,008	3,726,222	4,162,704	3,726,222
Auditors remuneration	8,060,570	6,144,455	8,060,570	6,144,455
Bank charges	4,157,239	4,332,342	4,149,845	4,323,558
Materials and Supplies	1,056	-	1,056	-
Commission - Prepaid electricity	5,117,033	3,890,641	5,117,033	3,890,641
Licence fees	4,184	-	-	-
Consumables	1,954	-	-	-
Entertainment	774,515	98,683	774,515	98,683
Vehicle tracking	1,000	-	1,000	-
Insurance 3rd party payments and excess	14,744,242	6,435,067	14,744,242	6,435,067
Information Technology Services	12,466,187	16,108,491	12,466,187	16,108,491
Workmen's Compensation Fund	3,804,460	3,599,122	3,804,460	3,599,122
Learnerships and Internships	6,513,626	5,128,175	6,513,626	5,128,175
Travel and subsistence	6,395,852	6,438,669	6,395,852	6,438,669
Skills Development Fund Levy	8,136,685	6,788,977	8,136,685	6,788,977
Signage	1,011,018	1,398,227	1,011,018	1,398,227
Postage and courier	2,092,709	2,403,986	2,092,709	2,403,986
Printing and stationery	-	674	-	-
Storage of Files (Archiving)	71,197	101,533	71,197	101,533
Uniform and protective clothing	3,814,909	4,916,022	3,814,909	4,916,022
Printing - Publications and books	750,369	536,703	750,369	536,703
Contribution to provisions - Rehabilitation of Landfill Sites	13,920,393	33,231,721	13,920,393	33,231,721
Honoraria (Voluntarily Workers)	30,000	27,500	30,000	27,500
Professional bodies, membership and subscription	9,029,353	7,848,455	9,027,903	7,848,455
Telephone and fax	13,264,740	12,450,792	13,264,740	12,450,792
Transport provided as part of departmental activities	1,036,456	1,392,663	1,036,456	1,392,663
Travel agency fees	391,470	332,733	262,632	303,625
Achievements and Awards	-	6,781	-	6,781
Title deed search fees	172,701	170,365	172,701	170,365
Municipal services	74,444,935	78,550,207	74,444,935	78,550,207
Licences - radio and television	72,384	42,032	65,834	42,032
Rewards Incentives	5,178,904	3,657,451	5,178,904	3,657,451
Registration fees	322,981	463,401	322,981	463,401
Samples & specimens	-	756,039	-	756,039
Vehicle tracking	3,418,057	3,729,990	3,418,057	3,729,990
Indigent relief	19,672,630	12,077,232	19,672,630	12,077,232
Remuneration to Ward Committees	4,957,000	5,107,029	4,957,000	5,107,029
Performers and arts	1,757,090	93,800	1,757,090	93,800
Licences	2,192,781	1,919,803	2,192,781	1,919,803
	231,944,688	233,905,983	231,793,014	233,867,417

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Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2019	2018	2019	2018
48. Cash generated from operations				
Deficit for the year	(199,579,098)	(210,661,448)	(199,583,167)	(210,656,766)
Adjustments for:				
Depreciation and amortisation	506,585,678	502,879,269	506,580,755	502,874,481
Loss on disposal of property, plant and equipment	204,405	3,547,503	204,405	3,547,503
Public contributions and donations	(11,148,491)	-	(11,148,491)	-
Finance costs - Finance leases	485,427	39,478	485,427	39,478
Bad debts written off	243,757,993	252,693,799	243,757,993	252,693,799
Gain on reversal of Impairment of debtors	(50,838,131)	-	(50,838,131)	-
Movements in operating lease assets and accruals	(222,273)	136,056	(222,273)	136,056
Movements in retirement benefit assets and liabilities	20,524,934	8,142,778	20,524,934	8,142,778
Movements in provisions	25,673,802	52,107,032	25,673,803	52,107,032
Changes in working capital:				
Inventories	(1,924,257)	(1,216,836)	(1,924,257)	(1,216,836)
Other receivables from exchange transactions	1,420,302	(7,599,777)	1,420,892	(7,599,777)
Trade receivables from exchange transactions	(206,656,927)	(210,521,030)	(206,656,927)	(210,521,030)
Trade receivables from non-exchange transactions	(27,989,948)	(24,777,462)	(27,992,727)	(24,780,140)
Deposits	(431,000)	(45,000)	(431,000)	(45,000)
Trade and other payables from exchange transactions	291,002,542	208,553,198	291,002,542	208,554,666
Value Added Tax	(27,081,513)	(948,631)	(27,078,506)	(947,214)
Other payables from non - exchange transactions	48,080,737	1,428,766	48,080,737	1,428,766
Unspent conditional grants and receipts	(52,046,974)	(16,542,962)	(51,295,927)	(16,312,530)
Consumer deposits	3,362,158	2,326,351	3,362,158	2,326,351
Other financial liabilities	(200,035)	508,643	(200,035)	508,643
	562,979,331	560,049,727	563,722,205	560,280,260
49. Auditors' remuneration				
Fees	8,060,570	6,144,455	8,060,570	6,144,455

Audited
By
2019-12-18
Auditor General South Africa
Mbombela Business Unit

City of Mbombela

(Registration number MP326)

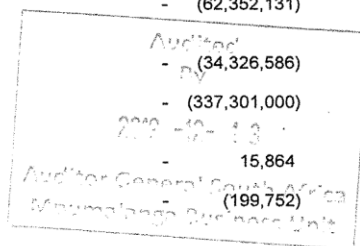
Audited Consolidated Annual Financial Statements for the year ended 30 June 2019

Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2019	2018	2019	2018
50. Correction of Accounting error				
Opening Balance as previously reported- Accumulated Surplus	- 5,872,542,198		- 5,872,542,198	
Correction of error - Net effect on opening accumulated surplus	- (51,133,307)		- (51,133,307)	
	- 5,821,408,891		- 5,821,408,891	

The reported opening accumulated surplus has been adjusted with the following identified errors: Adjustments affecting the statement of financial position:

Additions to completed property, plant and equipment: electricity infrastructure previously expensed prior to 2016/2017 financial year	- 444,808	- 444,808
Additions to completed property, plant and equipment: electricity infrastructure projects completed in previous financial years	- 6,594,794	- 6,594,794
Depreciation on completed property, plant and equipment: electricity infrastructure previously expensed prior to 2016/2017 financial year	- (327,180)	- (327,180)
Additions to completed property, plant and equipment: roads infrastructure previously expensed prior to 2016/2017 financial year	- 8,997,251	- 8,997,251
Additions to completed property, plant and equipment: roads infrastructure projects completed in previous financial years	- 98,395,049	- 98,395,049
Depreciation on completed property, plant and equipment: roads infrastructure previously expensed prior to 2016/2017 financial year	- (13,658,812)	- (13,658,812)
Additions to completed property, plant and equipment: sanitation infrastructure previously expensed prior to 2016/2017 financial year	- 16,827,659	- 16,827,659
Additions to completed property, plant and equipment: sanitation infrastructure projects completed in previous financial years	- 32,542,093	- 32,542,093
Depreciation on completed property, plant and equipment: sanitation infrastructure previously expensed prior to 2016/2017 financial year	- (13,009,646)	- (13,009,646)
Additions to completed property, plant and equipment: water infrastructure previously expensed prior to 2016/2017 financial year	- 78,923,950	- 78,923,950
Additions to completed property, plant and equipment: water infrastructure projects completed in previous financial years	- 199,769,061	- 199,769,061
Depreciation on completed property, plant and equipment: water infrastructure previously expensed prior to 2016/2017 financial year	- (62,352,131)	- (62,352,131)
Work in progress projects that were funded from capital budget but did not meet recognition criteria of GRAP17	- (34,326,586)	- (34,326,586)
Work in progress projects that were completed in previous years but were only componentised in the current financial year	- (337,301,000)	- (337,301,000)
Increase in VAT on creditors not accrued for in the 2017/2018 financial year and prior	- 15,864	- 15,864
Increase in trade and other payables from exchange transactions - Invoices relating to the 2016/2017 financial year and prior	- (199,752)	- (199,752)



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Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2019	2018	2019	2018
Increase trade and other payables from exchange transactions - due to salaries and allowances back pay for employees	-	(25,771,722)	-	(25,771,722)
Decrease in other receivables from non-exchange transactions	-	(6,697,007)	-	(6,697,007)
	-	(51,133,307)	-	(51,133,307)
Nett Effect on Prior to prior year assets and liabilities:				
Nett effect on Assets	-	(25,161,832)	-	(25,161,832)
Nett effect on Liabilities	-	(25,971,475)	-	(25,971,475)
	-	(51,133,307)	-	(51,133,307)
Nett Effect on Prior to prior year assets and liabilities	-	(51,133,307)	-	(51,133,307)
Transactions affecting the prior year deficit	-	(26,166,835)	-	(26,166,835)
Net Effect on the Statement of Financial Position	-	(77,300,142)	-	(77,300,142)
 The reported net deficit for the previous year has been adjusted by the following identified accounting errors:	-	(184,489,932)	-	(184,489,932)
Increase in Employee Related Costs due to salaries and allowances back pay for employees	-	(23,153,864)	-	(23,153,864)
Increase in Contracted Services	-	(2,972,968)	-	(2,972,968)
Increase in Inventory Consumed	-	(38,442)	-	(38,442)
Decrease in Revenue from Non-Exchange Transactions	-	(460,612)	-	(460,612)
Increase in Operating Leases	-	(490,273)	-	(490,273)
Increase in Operational Cost	-	(66,689)	-	(66,689)
Increase in Finance Income not accrued	-	1,016,013	-	1,016,013
Nett effect:				
Decrease in gains on impairment reversal	-	96,269,773	-	96,269,773
Decrease in bad debts written off	-	(96,269,773)	-	(96,269,773)
Increase in waste management - landfill sites	-	126,118	-	126,118
Increase in provisions - rehabilitation of landfill sites	-	(126,118)	-	(126,118)
Net effect of adjustments on the prior year	-	(210,656,767)	-	(210,656,767)
Adjustments affecting the statement of financial position				
Increase in trade and other payables - salaries and allowances back pay for employees	-	23,153,864	-	23,153,864
Increase in trade and other payables from exchange transactions - Invoices relating to the 2017/2018 financial year not accrued	-	4,279,395	-	4,279,395
Increase in VAT receivable - Nett effect of VAT on creditors not accrued for in the 2018/2019 financial year	-	(250,411)	-	(250,411)
Increase in cash and cash equivalents - Finance income not accrued during the 2017/2018 financial year	-	(1,016,013)	-	(1,016,013)
Nett effect				
Increase in gross debtors - Prior year reversal of bad debt written off	-	(96,269,773)	-	(96,269,773)
Increase in provision for doubtful debts - Prior year reversal of the gain on impairment loss	-	96,269,773	-	96,269,773
Increase in waste management - landfill sites	-	126,118	-	126,118

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Audited Consolidated Annual Financial Statements for the year ended 30 June 2019

Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2019	2018	2019	2018
Increase in provisions - rehabilitation of landfill sites	-	(126,118)	-	(126,118)
Total effect on statement of financial position	-	26,166,835	-	26,166,835
Adjustments affecting the statement of financial performance				
Increase in Employee Related Costs (1.1)	-	23,153,864	-	(23,153,864)
Increase in Contracted Services (1.2)	-	(2,972,968)	-	(2,972,968)
Increase in Inventory Consumed (1.3)	-	(38,442)	-	(38,442)
Decrease in Revenue from Non-Exchange Transactions (1.4)	-	(460,612)	-	(460,612)
Increase in operating Leases (1.2)	-	(490,273)	-	(490,273)
Increase in Operational Costs (1.2)	-	(66,689)	-	(66,689)
Increase in Finance Income (1.4)	-	1,016,013	-	1,016,013
Nett effect				
Prior year reversal of bad debt written off (1.5)	-	(96,269,773)	-	(96,269,773)
Prior year reversal of the gain on impairment loss (1.5)	-	96,269,773	-	96,269,773
Total effect on accumulated surplus	-	(26,166,835)	-	(26,166,835)

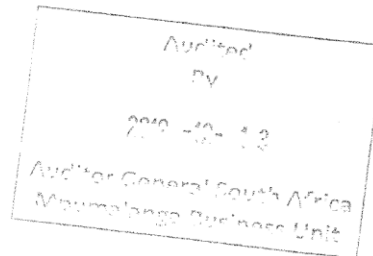
1.1 the Municipality recalculated backpays for employees due to finalisation of the placement process as well as implementation of the task grading salary scales in order to address salary disparities.

1.2 The Municipality received invoices that related to expenditure incurred during the 2017/2018 financial year. These invoices were paid and the corresponding restatements were corrected in the prior year.

1.3 The Municipality refunded property rates to a customer.

1.4 The Municipality recognised interest on an investment relating to the 2017/2018 financial year.

1.5 The municipality reversed a portion of the bad debts written off in the 2017/2018 prior year



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Audited Consolidated Annual Financial Statements for the year ended 30 June 2019

Notes to the Audited Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2019	2018	2019	2018

51. Comparative figures

Certain comparative figures have been reclassified due to Municipal Standard Chart of Accounts (mSCOA) and Generally Recognised Accounting Practice (GRAP) to ensure fair presentation and consistency.

Controlling entity

Statement of financial position - extract

	Comparative figures previously reported	Reclassification	After reclassification
Operating lease asset	494,472	(63,988)	430,484
Trade and other payables from exchange transaction	1,478,740,262	63,988	1,478,804,250
Non-current portion of receivables	3,006,240	786,570	3,792,810
Current portion of long-term receivables	-	758,379	758,379
Trade receivables from non-exchange transactions	87,028,344	2,179,575	89,207,919
Trade receivables from exchange transactions	97,279,374	55,080,949	152,360,323
Other receivables from exchange transactions	98,798,874	(58,805,473)	39,993,401
Non-current portion of long service award	59,955,061	(59,955,061)	-
Non-current portion of long service award	8,800,727	(8,800,727)	-
Non-current portion of provisions	153,913,254	59,955,061	213,868,315
Current portion of provisions	3,465,803	8,800,727	12,266,530
Total	1,991,482,411	-	1,991,482,411

Current portion of long-term receivables was reclassified from Long-term receivables to current assets - Current portion of Long-term Receivables.

Other receivables from exchange transactions- R/D cheque's were reclassified to Trade receivables from non-exchange Transactions.

Non-current portion and current portion of long service award was reclassified to Non-current portion and current portion of provisions.

Statement of financial performance - extract

	Comparative figures previously reported	Reclassification	After reclassification
Revenue			
Sale of goods and rendering of services	-	18,345,824	18,345,824
Other income	43,606,700	(21,541,706)	22,064,994
Licences and permits	-	3,195,882	3,195,882
Service charges	1,095,011,500	(6,101,803)	1,088,909,697
Expenditure			
Inventory consumed	-	(46,715,433)	(46,715,433)
Contracted services	(536,082,540)	17,282,297	(518,800,243)
Transfers and subsidies paid	(37,030,512)	5,118,828	(31,911,684)
Operational costs	(264,216,839)	30,416,111	(233,800,728)
Total	301,288,309	-	301,288,309

Sale of goods and rendering of services were reclassified from Other income to its own line item on the face of Statement of Financial Performance.

Driver licence application fees were reclassified from other income to Licence and permits.

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Audited Consolidated Annual Financial Statements for the year ended 30 June 2019

Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand

Trading permits were reclassified from Other income to Licence and permits.

Inventory consumed were reclassified from Operational costs to its own line item on the face of Statement of Financial Performance.

Some Items within operational costs were reclassified to Contracted services.

Some items within Contracted services were reclassified to Operational costs.

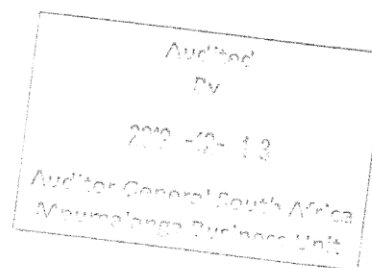
Some items within Operational costs were reclassified to Transfers and subsidies.

Some items within Transfers and subsidies were reclassified to Service charges.

52. Change in accounting estimates

The provision for the rehabilitation of landfill sites was revised at year end and was recognised in the surplus or deficit for the reporting period.

The effect of the change in accounting estimate on the current year's depreciation was a decrease of R 16 956 for the Tekwane Landfill site, a decrease of R 45 647 for the Barbeton Landfill site and an increase of R 1 432 879 for the Hazyview Landfill site. The change in accounting estimate was added to the cost of the related asset in the current reporting period. The total overall effect of the future periods is a cumulative net decrease in the depreciation cost of R 425 464 over the remaining useful life of the related assets. The effect of the change in future periods will be an increase in the annual depreciation expense amounting to R 16 956 totalling to R 1 373 456 over the remaining useful life of the Tekwane Landfill site, a decrease in the annual depreciation expense amounting to R 45 647 totalling to R 1 004 235 over the remaining useful life of the Barbeton landfill site and an increase in the annual depreciation expense amounting to R 1 432 879 over the remaining useful life of the Hazyview landfill site. The overall impact on the finance costs will increase by R 118 990 in the following financial year.



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Audited Consolidated Annual Financial Statements for the year ended 30 June 2019

Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand

53. Commitments

Authorised capital expenditure

Already contracted for

• Infrastructure - Water	248,682,972	119,261,456	248,682,972	119,261,456
• Infrastructure - Roads, Pavement and Stormwater	298,525,376	339,581,540	298,525,376	339,581,540
• Infrastructure - Electricity	81,094,553	13,581,263	81,094,553	13,581,263
• Infrastructure - Waste Water	116,860,087	42,286,872	116,860,087	42,286,872
• Buildings	14,833,179	7,094,051	14,833,179	7,094,051
• Community Facilities	7,688,581	18,069,809	7,688,581	18,069,809
	767,684,748	539,874,991	767,684,748	539,874,991

The expenditure will be funded as follows:

• Government grants	742,274,420	487,274,188	742,274,420	487,274,188
• Internal funding	25,410,328	51,609,178	25,410,328	51,609,178
• Service contributions	-	991,625	-	991,625
	767,684,748	539,874,991	767,684,748	539,874,991

Total capital commitments

Already contracted for	767,684,748	539,874,991	767,684,748	539,874,991
Funded	(767,684,748)	(539,874,991)	(767,684,748)	(539,874,991)
	-	-	-	-

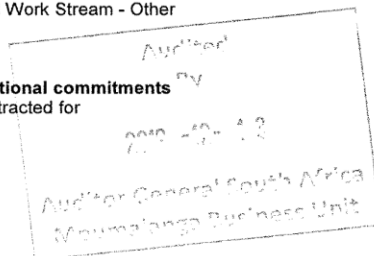
Authorised operational expenditure

Already contracted for

• Typical Work Stream - Electrification	38,004,668	36,190,332	38,004,668	36,190,332
• Typical Work Stream - Spatial Planning	1,729,550	52,328,821	1,729,550	52,328,821
• Typical Work Stream - Meter conversion and replacement	13,631,387	3,158,860	13,631,387	3,158,860
• Typical Work Stream - Intergrated Public Transport Network	38,386,678	30,217,797	38,386,678	30,217,797
• Typical Work Stream - Water Services	7,877,546	1,241,232	7,877,546	1,241,232
• Typical Work Stream - Financial Management	9,737,120	38,102,034	9,737,120	38,102,034
• Typical Work Stream - Waste Management	50,493,328	61,047,275	50,493,328	61,047,275
• Typical Work Stream - Waste water	1,318,447	22,424,912	1,318,447	22,424,912
• Typical Work Stream - Other	41,752,735	29,930,174	41,752,735	29,930,174
	202,931,459	274,641,437	202,931,459	274,641,437

Total operational commitments

Already contracted for	202,931,459	274,641,437	202,931,459	274,641,437
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Audited Consolidated Annual Financial Statements for the year ended 30 June 2019

Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand

54. Contingencies

Contingent liabilities

Damage claims

Finishing touch 544 (PTY) LTD vs Mbombela Local Municipality. A damages claim against council through high Court Combined Summons served with case 66425/12 for the UB 40 concert to the amount of R 1 557 166.00. Council is contesting the case through appointed legal representatives, Kruger & Partners. Council requested security of costs of which the plaintiff did not comply with the request.	1,557,166	-	1,557,166	-
S Mhaule vs Mbombela Local Municipality. A claim against council has been instituted through combined summons - Magistrate's Court with a case number 996/2013 to the amount of R 19 000.00 for "verbal agreement". The case is defended through appointed legal representatives - Nkosi Attorneys & associates.	19,000	-	19,000	-
Ensemble Trading 546 LTD / Mbombela Local Municipality (MLM) - A procurement dispute claim through High Court summons emanating from a forged cession of payment agreement which was not honoured by council. Council is contesting the claim based on external legal advice. Council was granted leave to appeal to defend and an undertaking not to proceed with the summary judgment was made by the applicant's legal representatives. The case is dormant.	2,540,043	-	2,540,043	-
Department of Water Affairs / Mbombela local Municipality - Unilaterally amended agreement for the provision of free raw water for a period of 6 years within the Nsikazi / Kanyamazane area.	11,510,110	-	11,510,110	-
An application was made to National Treasury for condonation of the unauthorised expenditure on conditional grants incurred during 2009/2010 and 2010/2011 financial years. The municipality is awaiting the pending outcome of the request after all supporting evidence was submitted in collaborating of the unauthorised expenditure which was outside the respective conditional grants framework. Municipal (Infrastructure Grant: R 163 400 959 and Public Transport Infrastructure Grant: R 41 177 177)	204,578,136	-	204,578,136	-
Mahlatse David Makhubedu // SALGBC and Mbombela Local Municipality. This matter involves the alleged constructive dismissal of the employee who then referred a dispute to the Labour Court. Msikinya Attorneys are the appointed legal representatives handling the matter on behalf of the city.	552,961	-	552,961	-

Mbombela Business Unit

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Notes to the Audited Consolidated Annual Financial Statements

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Operating leases - as lessee (expense)**Minimum lease payments due**

- within one year	1,708,185	4,524,006	1,708,185	4,524,006
- in second to fifth year inclusive	531,468	2,239,653	531,468	2,239,653
	2,239,653	6,763,659	2,239,653	6,763,659

Total future minimum sublease payment expected to be received under non-cancellable sublease.

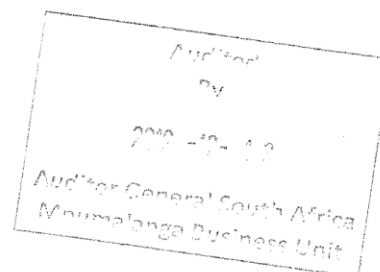
Operating Leases consists of the following:

Operating lease payments represent rentals payable by the municipality for certain of its office properties. Leases are negotiated for an average term of five (5) years. No contingent rent is payable.

Operating leases - as lessor (income)**Minimum lease payments due**

- within one year	2,561,475	2,718,044	2,561,475	2,718,044
- in second to fifth year inclusive	285,492	2,967,333	285,492	2,967,333
- later than five years	417,201	296,836	417,201	296,836
	3,264,168	5,982,213	3,264,168	5,982,213

Certain of the economic entity's equipment and buildings is held to generate rental income. Rental of equipment and buildings is expected to generate rental yields on an ongoing basis. Lease agreements have terms from 3 to 6 years. There are no contingent rents receivable.



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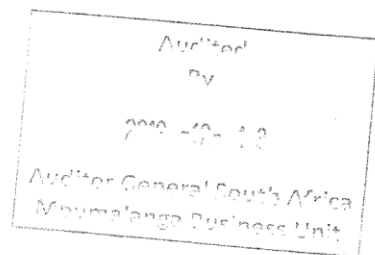
Notes to the Audited Consolidated Annual Financial Statements

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Tlou Consulting (Pty) Ltd was appointed under bid 38/2013 to update and maintain the immovable asset register for a period of three years ending 30 June 2017. A dispute has arisen due to non-performance on agreed deliverables as stipulated on the service level agreement. The matter is currently under mediation.	14,052,481	-	14,052,481	-
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Total contingent liabilities	234,809,897	-	234,809,897	-
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Audited Consolidated Annual Financial Statements for the year ended 30 June 2019

Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand

55. Related parties

Remuneration of management is disclosed Note 37 to these audited consolidated annual financial statements.

Remuneration of councillors and other in-kind benefits is disclosed in Note 38 and appendix C to these audited consolidated annual financial statements.

City of Mbombela Development Agency

The Umjindi Local Development Agency (UMLEDA) was incorporated on the 30th of October 2008. The former Umjindi Local Municipality held 100% shares of Umjindi Local Economic Development Agency (UMLEDA). City of Mbombela has at its meeting held 27 October 2016 under item A(11) resolved to approve the name change of the entity to City of Mbombela Economic Development Agency. The name change will be finalised during the 2018/2019 financial year by the new Board of Directors appointed by Council at its meeting 28 June 2018 under item B(5). The objectives and functions of the agency (entity) is to drive and champion local economic development initiatives in order to achieve job creation and poverty alleviation as per the National Development Plan and also to promote investment attraction and SMME development.

Mbombela Economic Development Agency

Mbombela Economic Development Agency (MEDA) was established by the Municipality as a service utility in terms of Section 86H of the Municipal Systems Act No 32 of 2000 through the passing of the by-law. The municipality has significant influence over the agency. The agency is a dormant section 21 company.

Mbombela Economic Development Partnership.

Council has at its meeting held 26 February 2015 under item A(4) resolved to approve the establishment of the Mbombela Economic Development Partnership. The Mbombela Economic Development Partnership was constituted as an independent not for profit company established in terms of the Companies Act, No 71 of 2008.

The overriding objective of Mbombela Economic Development Partnership is to meet the City's economic development strategic outcomes in partnership with the community in order to stimulate the economy by focusing on sector support thus creating an enabling environment that will attract investment, stimulate increased job creation, skills transfer, youth and small business development, resource resilience and liveable and safe community development.

The Mbombela Economic Development Partnership is responsible for the following core functions:

- Mobilisation and establishing partnerships for thematic programmes
- Communication, Promotion, Intelligence Distribution
- Coordination and facilitation of spatial, sector and/or project interventions
- Facilitate dialogue amongst key stakeholders

Municipal Housing Entity

Council has at its meeting held 29 March 2019 under item A(6) resolved for the establishment of Municipal Housing Entity. The Municipal Housing Entity will be responsible for creating and managing social housing and rental stock, and further managing community rental stock. The City of Mbombela will be the controlling entity for the Municipal Housing Entity.

Umsebe Accord

Umsebe Accord is a Non Profit company established to pursue public benefit-objectives entrusted with the four municipalities namely, Municipio De Matola Municipality(Mozambique), Municipal Council of Mbabane(eSwatini), Nkomazi Local Municipality and the City of Mbombela Local Municipality. The objectives and functions of the company (entity) amongst others include promotion of local economic development initiatives and meeting the strategic objectives of the four cities as registered in the Memorandum of Incorporation. The Board of Directors constitutes representatives from all the four city's (municipalities) nominated to represent each municipality accordingly. Council has resolved at its meeting held 31 August 2018 under item A(4) to review and renew the Umsebe Accord Protocol for a five years period from 2018 to 2023.

Related party transactions

There were no grant or subsidy payments to the entities during reporting period.

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Notes to the Audited Consolidated Annual Financial Statements

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56. Additional disclosure in terms of Municipal Finance Management Act

Contributions to the South African Local Government Association (SALGA)

Current year subscription	8,820,030	7,707,590	8,820,030	7,707,590
Amount paid - current year	(8,820,030)	(7,707,590)	(8,820,030)	(7,707,590)
	-	-	-	-

Audit fees

Opening balance	644,497	267,407	644,497	267,407
Current year audit fees	8,060,570	6,144,455	8,060,570	6,144,455
Amount paid - current year	(2,793,726)	(5,499,958)	(2,793,726)	(5,499,958)
Amount paid - previous years	(585,862)	(267,407)	(585,862)	(267,407)
	5,325,479	644,497	5,325,479	644,497

PAYE, UIF and SDL

Opening balance	10,470,365	9,838,469	10,470,365	9,838,469
Current year subscription	174,200,874	132,662,937	174,200,874	132,662,937
Amount paid - current year	(160,557,062)	(122,192,572)	(160,557,062)	(122,192,572)
Amount paid - previous years	(10,470,365)	(9,838,469)	(10,470,365)	(9,838,469)
	13,643,812	10,470,365	13,643,812	10,470,365

The unpaid balance is the amount for June 2019 which was payable in July 2019.

Pension and Medical Aid Deductions

Opening balance	16,099,089	14,219,719	16,099,089	14,219,719
Current year subscription	209,776,040	188,517,837	209,776,040	188,517,837
Amount paid - current year	(191,857,322)	(172,418,748)	(191,857,322)	(172,418,748)
Amount paid - previous years	(16,099,089)	(14,219,719)	(16,099,089)	(14,219,719)
	17,918,718	16,099,089	17,918,718	16,099,089

The unpaid balance is the amount for June 2019 which was payable in July 2019.

VAT

VAT receivable	114,406,262	87,324,749	114,390,127	87,311,621
Opening balance	87,094,186	86,364,407	87,094,186	86,364,407
Total amount claimed from SARS during the year	86,499,256	82,518,608	86,499,256	82,518,608
Total amount received during the year	(70,394,512)	(75,248,736)	(70,394,512)	(75,248,736)
Adjustments	(70,782,569)	34,771,541	(70,782,569)	34,771,541
Net VAT on accruals	81,989,901	(41,298,506)	81,973,766	(41,311,634)
VAT receivable (as per VAT 201)	114,406,262	87,107,314	114,390,127	87,094,186
VAT receivable (as per VAT 201)	24,631,375	30,142,462	24,631,375	30,142,462
Net VAT on accruals	82,256,175	20,688,155	82,240,040	20,688,155
Adjustments after 30 June	-	36,276,697	-	36,263,569
Adjustments after 30 June	7,518,712	-	7,518,712	-
VAT receivable	114,406,262	87,107,314	114,390,127	87,094,186

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Councillors' arrear consumer accounts

30 June 2019	Outstanding less than 90 days R	Outstanding more than 90 days R	Total R
Cllr A Kumba	202	694	896
Cllr ME Nsimbini	464	625	1,089
Cllr LT Mlombo	1,246	-	1,246
Cllr KG Ndlovu	205	1,145	1,350
Cllr LM Bhembe	841	1,201	2,042
Cllr NA Mokoena	2,204	-	2,204
Cllr L Ngwenyama	478	1,972	2,450
Cllr MJ Hlophe	3,526	3,312	6,838
Total councillors arrear consumer accounts	9,166	8,949	18,115

30 June 2018	Outstanding less than 90 days R	Outstanding more than 90 days R	Total R
Cllr A Khumba	99	618	717
Cllr TG Mabuza	412	-	412
Cllr BN Mdhluli	261	-	261
Cllr SP Mathonsi	604	-	604
Cllr TMJ Grove Morgan	2,071	-	2,071
Cllr EG Jansen Van Rensburg	1,004	-	1,004
Cllr JJ Mkhabela	30	1,412	1,442
Cllr NE Mkhabela	3,624	-	3,624
Cllr LN Shongwe	709	-	709
Cllr ME Jacobs	7,924	-	7,924
Cllr LT Mlombo	1,681	-	1,681
Cllr LM Bhembe	1,030	1,482	2,512
Cllr NA Mokoena	689	-	689
Cllr PV Mkhathshwa	2,096	10,278	12,374
Cllr L Ngwenyama	451	1,529	1,980
Cllr KG Ndlovu	164	393	557
Cllr MJ Hlophe	1,925	1,653	3,578
Cllr ME Nsimbini	442	5,002	5,444
Total councillors arrear consumer accounts	25,216	22,367	47,583

Distribution losses in terms of MFMA 125(2)(d)(i)

Material losses incurred during the year under review were as follows:

Electricity				
Electricity purchased (kWh)	747,490,811	742,582,996	747,490,811	742,582,996
Electricity sold (kWh)	619,486,000	623,447,442	619,486,000	623,447,442
Electricity losses in kWh	128,004,811	119,135,524	128,004,811	119,135,524
% loss	17.12	16.00	17.12	16.00
Electricity losses in kWh	128,004,811	119,135,524	128,004,811	119,135,524
Unit cost per kWh	0.95	0.89	0.95	0.89
Electricity losses in Rand value	121,604,570	106,030,614	121,604,570	106,030,614

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Water				
Water pumped and distributed (KL)	5,661,990	4,964,910	5,661,990	4,964,910
Water sold (KL)	4,236,000	3,949,471	4,236,000	3,949,471
Water distribution losses in KL	1,425,990	1,015,439	1,425,990	1,015,439
% loss	25.20	20.50	25.20	20.50

Water distribution losses in KL

Water losses in KL	1,425,990	1,015,439	1,425,990	1,015,439
Average Cost per KL	4.88	4.66	4.88	4.66
Water losses in Rand value	6,955,440	4,731,946	6,955,440	4,731,946

57. Deviation from supply chain management regulations

In terms of regulations 36 of the Municipal Supply Chain Management Regulations any deviation from the Supply Chain Management Policy needs to be approved/condoned by the Municipal Manager and noted by Council. The expenses incurred as listed hereunder have been condoned.

Deviations from Supply Chain Management Policy	18,874,295	25,038,692	18,874,295	25,038,692
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Refer to Appendix E for details of the Supply Chain Management deviation.

58. Unauthorised expenditure

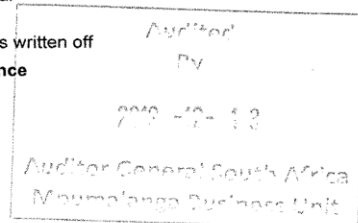
Opening balance as previously reported	725,004,712	405,397,005	725,004,712	405,397,005
	725,004,712	405,397,005	725,004,712	405,397,005
Add: Unauthorised Expenditure - current year	267,153,091	319,607,707	267,153,091	319,607,707
Closing balance	992,157,803	725,004,712	992,157,803	725,004,712

59. Fruitless and wasteful expenditure

Opening balance as previously reported	47,607,841	47,725,907	47,607,841	47,725,907
Add: Fruitless and Wasteful Expenditure - interest charged	38,041,859	28,909,554	38,041,859	28,909,554
	85,649,700	76,635,461	85,649,700	76,635,461
Less: Amounts condoned and written off	-	(29,027,620)	-	(29,027,620)
Closing balance	85,649,700	47,607,841	85,649,700	47,607,841

60. Irregular expenditure

Opening balance	489,842,162	1,448,774,643	489,842,162	1,448,774,643
Add: Irregular Expenditure - current year	137,362,607	185,016,666	137,362,607	185,016,666
Add: Irregular Expenditure identified in the current year relating to the prior year	71,572,410	1,505,316	71,572,410	1,505,316
	698,777,179	1,635,296,625	698,777,179	1,635,296,625
Less: Amounts written off	-	(1,145,454,463)	-	(1,145,454,463)
Closing balance	698,777,179	489,842,162	698,777,179	489,842,162



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Incidents/cases identified in the current year include those listed below:

	Disciplinary steps taken/criminal proceedings			
Appointment of service providers without following the normal SCM processes to the later				
Continuation of the multiple extended contracts without following Section 116 of the Municipal Finance Management Act no 56 of 2003 prior to the initial contract expiry dates	7,620,688	-	7,620,688	-
Irregular expenditure incurred due to misplaced documents identified during the 2017/2018 financial year	78,297,575	-	78,297,575	-
Irregular expenditure incurred due to noncompliance with SCM regulation 32 and nondisclosure of irregular award made by the organ of state	16,428,637	-	16,428,637	-
Bids advertised for less than the prescribed period according to the SCM regulations	23,899,230	10,925,977	23,899,230	10,952,977
Approved deviation not in accordance with SCM regulation 36 requirements	8,850,885	60,619,433	8,850,885	60,619,433
	2,265,592	-	2,265,592	-
	137,362,607	71,545,410	137,362,607	71,572,410

Management is still in the progress of determining if other SCM Reg 32 awards have similar characteristics.

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61. Risk management

Financial risk management

The Municipality has exposed to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

This note presents information about the Municipality's exposure to each of the above risks and the Municipality's objectives, policies and processes for measuring and managing risk. Further quantitative disclosures are included throughout the annual financial statements.

Council has established a risk management committee, which is responsible for reviewing the effectiveness of the institutional risk management systems, policy, procedures and practices.

Credit risk

Is the risk of financial loss to the Municipality if a consumer or counterparty to a financial instrument fails to meet its contractual obligations.

- Trade and other receivables from exchange transactions
- Non-current receivables from exchange transactions
- Investments
- Non-current investments
- Other non-current financial assets
- Cash and cash equivalents

Trade and other receivables from exchange transactions

The Municipality's trade and other receivables exposure to credit risk is influenced mainly by the individual risk characteristics of each consumer. Consumer receivables comprise of services supplied by the Municipality such as water, sanitation and rates levied. The Municipality's exposure is continuously monitored. The Municipality establishes an allowance for impairment that represents its estimate of incurred losses in respect of consumer and other receivables. No consumer or other receivables have been pledged as security. Certain consumer and other receivables that were past due have been defaulted on by counterparties, thus legal action has been instituted against these parties in an attempt to recover this debt, where debt is irrecoverable it has been written off. No conditions or terms of the consumer and other receivables have been re-negotiated with counterparties.

Investments

It is the Municipality's practice to limit its credit risk by only investing in registered banks in terms of the Banks Act, 94 of 1990. Given the high credit ratings of these financial institutions the Municipality does not expect any counterparty to fail to meet its obligation.

Cash and cash equivalents

The Municipality limits its credit risk by only banking with registered financial institutions in terms of the Banks Act, 94 of 1990 operating in South Africa.

Maximum exposure to credit risk at reporting date for each class of financial assets was:

Cash and cash equivalents	126,428,419	95,031,542	126,050,715	93,902,792
Investments	-	18,397,543	100	18,397,643
Trade receivables from exchange transactions	166,097,387	152,360,322	166,097,387	152,360,322
Receivables from non-exchange transactions	117,202,343	89,212,395	117,200,646	89,207,919
Long-term receivables	2,531,548	3,792,810	2,531,548	3,792,810
Deposits	5,186,819	4,755,819	5,186,819	4,755,819
Other receivables from exchange transactions	31,876,091	33,296,393	31,875,501	33,296,393
	449,322,607	396,846,824	448,942,716	395,713,698

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Impairment disclosure for current financial assets carried at amortised costs

All of the Municipality's financial assets have been reviewed for indicators of impairment. Refer to Note 7 for the impairment reconciliation of consumer and other receivables.

Market risk is the risk that changes in the market prices, such as interest rates and equity prices will affect the Municipality's income or the value of its holdings of financial instruments.

Interest rate risk

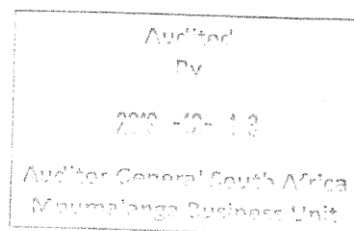
The Municipality limits its interest rate risk on financial liabilities by ensuring that reasonable fixed interest rates are negotiated on long term borrowings and are therefore not linked to the interest bank repurchase rate. The municipality has only four interest bearing borrowings as indicated in Appendix A.

At year end, financial instruments exposed to interest rate risk were as follows:

- Investments
- Borrowings

Fair value sensitivity analysis on fixed rate instruments

The Municipality does not account for any fixed rate financial assets and liabilities at fair value through surplus and deficit, therefore a change in interest rates at reporting date will not affect surplus for the year.



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Liquidity risk

Liquidity risk is the risk that the Municipality will not be able to meet its financial obligations as they fall due. The Municipality's approach to managing liquidity is to ensure as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unauthorised expenditure. The municipality manages liquidity risk through an ongoing review of future commitments and credit facilities. Cash flow forecasts are prepared and adequate utilised borrowing facilities are monitored. The Municipality has not defaulted on external loans, payables and lease commitment payments being either interest or capital and no re-negotiation of terms were made on any of these instruments.

The table below analyses the entity's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

Up to 1 Year

Current portion of borrowings	53,200,621	58,133,948	53,200,621	58,133,948
Other financial liabilities	3,853,005	4,053,040	3,853,005	4,053,040
Trade and other payables from exchange transactions	1,823,303,313	1,532,300,763	1,823,300,990	1,532,298,438
Other payables from non-exchange transactions	59,409,902	11,329,165	59,409,902	11,329,165
Consumer deposits	40,282,191	36,920,033	40,282,191	36,920,033
Finance lease obligation	2,818,416	4,639,134	2,818,416	4,639,134

1 - 5 years

Non - current portion of borrowings	96,491,388	97,005,803	96,491,388	97,005,803
Finance lease obligation	-	876,609	-	876,609

>5 years

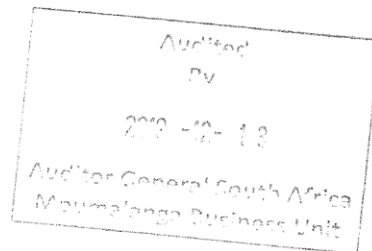
Borrowings	116,686,071	145,207,399	116,686,071	145,207,399
	2,196,044,907	1,890,465,894	2,196,042,584	1,890,463,569

Concentration of credit risk

The concentration of the credit risk associated

with:

Borrowings	12.00 %	16.00 %	12 %	16 %
Other financial liabilities	5.00 %	3.00 %	5 %	3 %
Trade and other payables from exchange transactions	83.00 %	81.00 %	83 %	81 %



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62. Public-Private Partnership - Concession Agreement

The former Mbombela Local Municipality signed a 30 year concession agreement in April 1999 with SembCorp Silulumanzi (Proprietary) Limited previously known as the Greater Nelspruit Utility Company (GNUC) for provision of water and sanitation services as well as servicing the growing expectations of the communities on behalf of the municipality. The concession agreement became effective from 1 November 1999 and is subjected to review every five years through the supplementary agreements. The concession areas boundaries are the municipal boundaries of the previous Nelspruit Transitional Council and any extension of services outside the developed areas are dealt with on a case by case basis.

Supplementary agreement number four (4) was concluded during 2014/2015 financial year and it became effective 1 November 2014 until 31 October 2019 in accordance with five year period review process.

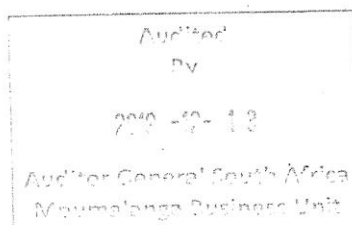
The Concessionaire is obligated to ensure that the communities within the concession area have access to a 24 - hour water supply to all formal households and to use best efforts to improve the number of households in informal areas with 24 - hour water supply. It is also a requirement that the Concessionaire must provide portable water and effluent quality in compliance with the National Water Quality Standards.

The concessionaire leases and operates water services delivery assets within the concession area at a rental of R 189 666.25 per month for the remainder of the term of the Concession agreement. The assets are controlled by the Municipality and are recorded in the assets register of the Municipality as Property, Plant and Equipment. The Concessionaire recognises the right to use those assets as intangible assets in accordance with IFRIC 12. The operating lease commitments for the leased assets has been disclosed in Note 53 to these financial statements.

The concession agreements provides for the concessionaire to maintain, refurbish, rehabilitate and improve the assets within its operations and collection of water and sanitation revenue within the Concession area. The water and sanitation tariffs for the Concessionaire are approved by Council for implementation in terms of section 24 of the Municipal Finance Management Act No.56 of 2003. The concessionaire acts as a project manager for construction of new infrastructure within the concession area which is funded by the Municipality. The Concessionaire is obligated to ensure that the assets are adequately maintained each year.

The concession agreement may be terminated by either party with effect from any date after the natural end of the concession contract in the year 2029 or the date of termination of the concession agreement, whichever is earlier, provided that at least 24 months prior written notice has been given by the party intending to cancel the concession agreement to the other party.

All assets operated by the Concessionaire will be transferred back to the Municipality in a good condition on termination of the concession agreement.



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63. Financial Sustainability and Liquidity Management

The Economic entity has been unable to meet all its current obligations by paying service providers within 30 days on receipt of invoice or statement in accordance with Section 65 of the Municipal Finance Management Act No 56 of 2003. Interest charged by suppliers have been disclosed as fruitless and wasteful expenditure to these financial statements.

The Economic entity has incurred a net loss of R 199 579 098 (2018: R 210 661 448) on the Statement of financial performance during the reporting period ended 30 June 2019. The net loss takes cognizance of other non-cash items which include depreciation and debt impairment. Liquidity management objectives have not been entirely met as the cash coverage ratio was less than a month which is below the norm of three months and the current ratio was fragile as the current liabilities exceeded the current assets by R 1 513 849 692 (2018: R 1 335 888 651) with an outcome assessment of less than one. The municipality was not able to maintain 100 per cent level of cash backed reserves during the reporting period. A material amount of receivables have been impaired due to non-collectability. Payment arrangements have been with major suppliers given the financial constraints of the Economic entity.

Council has at its meeting approved the liquidity policy at its meeting held 31 May 2017 under item A(3) (c) for implementation. The liquidity policy seeks to give guidance for maintaining sufficient liquidity intensities to meet the liabilities when due under both normal and stressed conditions without incurring any prohibited expenditure. Furthermore, the Revenue Enhancement Strategy for the City was approved by Council at the same sitting under item A(4).

The Economic entity has also developed Supply Chain Management sourcing strategy which was approved by Council at the meeting held 28 June 2017 under item A(4). One of the objectives of the sourcing strategy is to regulate prices on certain commodities in order to ensure that goods and services are procured in a most economic manner.

The Economic entity requested intervention from National Treasury to conduct the Municipal Financial Management Capability Maturity assessment for which the outcome was tabled before Council at its meeting held 28 June 2018 under item A(1). The Municipal Financial Management Capability Maturity Model assessed the maturity level of the municipality on various aspects of internal controls, policies and procedures and compliance with Legislation. An action plan to address the weaknesses identified through the Municipal Finance Management Capability Maturity Assessment has been developed and it is currently being implemented.

Furthermore, National Treasury was requested to assist with the development of a Financial Recovery Plan. The plan was approved by Council at its meeting held 28 June 2018 under item A(3). The City has been implementing the approved Financial Recovery Plan during the reporting period and Council has been monitoring the implementation thereof on a quarterly basis.

The Economic entity continues to aggressively implement the financial interventions and revenue collection strategies in order to improve financial sustainability and liquidity management objectives.



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64. Budget differences

Material differences between budget and actual amounts greater than 10% based on the Table A1 of the budget schedules in accordance with the Municipal Budget and Reporting regulations No.32141

Statement of Financial Performance:

Revenue:

1. Sale of Goods and Rendering of Services

The variance is due to the underperformance of the amendment or rezoning fees applied in accordance with the applicable town planning scheme.

2. Rental of Facilities and Equipment

The variance is attributable to the implementation of the stadium management model adopted by Council at its meeting held 30 November 2017 under item (7). The management model seeks to achieve financial sustainability of the Stadia facility over the long term by unlocking various revenue streams within the stadium precinct.

3. Agency Fees

The variance is as a result of the financial accounting and classification basis differences. The total amount (gross inflows) collected on behalf of the (principal) Department of Community Safety, Security and Liaison is budgeted for in full however for financial reporting purposes, the gross inflows of economic benefits or service potential does not result in an increase in net assets for the City. The agency commission received or receivable must be recognised as revenue in accordance with the standards of Generally Recognised Accounting Practice (GRAP) 9 on agent and principal relationship.

4. Other Income

The variance is attributable to the performance of the bad debts recovered as well as collection charges revenue items. This performance emanates from the implementation of debt collection measures by the City's appointed debt collectors.

Council has approved the writing off of irrecoverable debt for the 2018/2019 financial year at its meeting held 31 May 2019 under item A(5).

5. Finance Income

The City continued to experience cash flow constraints during the reporting period. Although financial planning and cash flow management was undertaken hostily during the year, the City made minimal investments to generate interest income.

The City is implementing the financial recovery plan as part of the financial turnaround strategy which was tabled and approved by Council at its meeting held 28 June 2018 under item A(3). Council and other internal and external stakeholders exercise oversight responsibility on the implementation of the approved Financial Recovery Plan on a quarterly basis.

6. Fines, Penalties and Forfeits

The variance is mainly due to the implementation of the approved revenue enhancement strategy through roadblocks and the execution of Warrant of Arrest through the Automated Number Plate Recognition Bus.

The City has also taken measures to increase the number of traffic officers within the jurisdiction of Mbombela with the objective of ensuring that all road users use roads in an orderly and safe manner.

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Expenditure:

7. Inventory Consumed

The variance is attributable to the acquisition and utilisation of materials and supplies for the maintenance and operations of electrical assets. The City has developed maintenance plans for most of the assets in order to ensure adequate spending on repairs and maintenance.

8. Finance Costs

The major contributing cost driver is the interest charged by creditors for payments made after 30 days on receipt of the invoice or statement which has been disclosed in the notes to these annual financial statements as Fruitless and Wasteful Expenditure. The late payment of creditors is mainly due to the severe cash flow constraints faced by the City. The City is implementing the approved Financial Recovery Plan in order to achieve the liquidity management objectives and improve financial sustainability.

9. Operating leases

The variance is attributable to the tools of trade offered to full-time Executive Mayors as outlined in the Determination of Upper Limits of salaries, allowances and benefits of different members of municipal council.

10. Bad Debts Written Off

The variance is attributable to the differences between budgeting and financial accounting. The bad debts are written off against the provision which is made each year based on the collection rate projection. The implementation of the Municipal Standard Chart of Accounts requires that the actual debt written off be disclosed as part of the operating expenses within the Statement of Financial Performance. The debt impairment expense is part of the gains and losses which is disclosed as impairment loss or gains.

Council has approved the writing off, of irrecoverable debt for the 2018/2019 financial year at its meeting held 31 May 2019 under item A(5).

11. Debt Impairment

The variance is as a result of the basis differences. The difference is due to the provision of free basic water (first 6 kilolitres) to all communities as well as the provision of water to indigent consumers. The City also provides water to disadvantaged communities that have no access to water through other intervention measures. The 6kl free basic water within the concession area is the major cost driver for the actual expenditure incurred.

12. Transfers and Subsidies

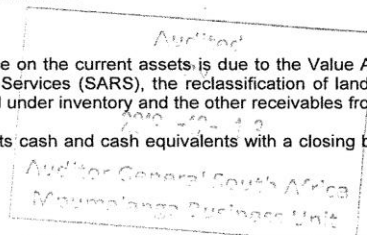
The variance is as a result of the basis differences. The difference is due to the provision of free basic water (first 6 kilolitres) to all communities as well as the provision of water to indigent consumers. The City also provides water to disadvantaged communities that have no access to water through other intervention measures. The 6kl free basic water within the concession area is the major cost driver for the actual expenditure incurred.

Statement of Financial Position:

13. Current Assets

The insignificant variance on the current assets is due to the Value Added Tax (VAT) receivable amount at year end from South African Revenue Services (SARS), the reclassification of land held for sale to Property, Plant and Equipment that was previously classified under inventory and the other receivables from exchange transactions.

The City has managed its cash and cash equivalents with a closing balance of R126 million as compared to the budgeted amount of R95 million.



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14. Current Liabilities

The variance is mainly as a result of the increased trade and other payables from exchange transactions, trade and other payables from non-exchange transactions, unspent conditional grants and consumer deposits. The City is currently implementing the approved financial recovery plan approved by Council at its meeting held 28 June 2018 under item A(3) and the cost curtailment strategy. The implementation of the approved financial recovery plan, approved revenue enhancement strategy and the cost curtailment strategy will enable the City to build cash backed reserves and be able to meet its financial and liquidity management objectives.

Council and other internal and external stakeholders exercise oversight responsibility on the implementation of the approved Financial Recovery Plan on a quarterly basis.

15. Non-Current Liabilities

The variance is mainly attributable to the non-current portion of the provisions which consists on the provision for the rehabilitation of the Landfill sites and the provision for the Long Service Awards determined in accordance with the Standards of GRAP 19 and 25 respectively.

Cash Flow Statement:

16. Net cash flows from operating activities

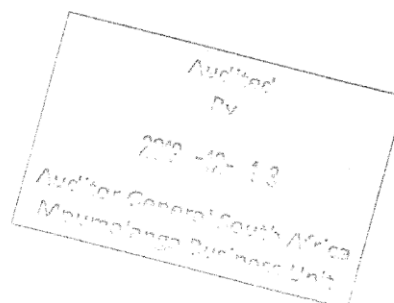
The variance is due to the under collection of other income items which includes traffic fines, rental of facilities and equipment, revenue collected from bad debts recovered and service contribution revenue. The approved revenue enhancement strategy includes various measures to unlock and enhance the revenue generation and collection for the City.

17. Net cash flows used in investing activities

The variance is attributable to the increase in non-current receivables as a result of the write off of irrecoverable debts approved by Council at its meeting held 31 May 2019 under item A(5).

18. Net cash flows from financing activities

The variance is due to the repayment of the borrowings during the reporting financial year.



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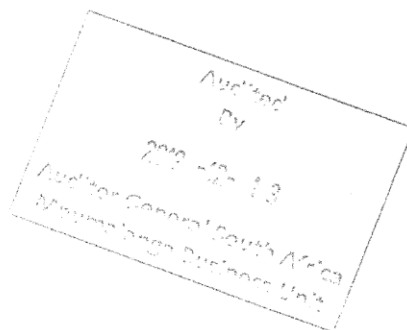
Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand

65. Events after the reporting date

Unspent conditional Grants

A total balance of unspent conditional grants amounting to R 101.8 million was not approved for the roll over by National Treasury and the amount will be reverted back to the National Revenue Fund by setting off the equitable Share allocation trench for December 2019. Details of the individual grants is disclosed in note 34 to these financial statements.



City of Mbombela
Appendix A

Unaudited Schedule of Interest bearing borrowings as at 30 June 2019

Loan Number	Redeemable	Balance at 30 June 2018		Accrued		Redeemed written off during the period		Balance at 30 June 2019	
		Rand		Rand		Rand		Rand	
Loan Stock									
Stock Loan@ 11.60%	1976/2001		3,000	-	-	-	-	3,000	-
			3,000	-	-	-	-	3,000	-
Annuity loans									
DBSA R21 600 000 @ base rate of R203 plus the Margin (10.74%) DBSA R138 600 000 @ base rate of R186 plus the Margin (11.73%) DBSA R200 000 000 @ 12.62% STD R25 000 000 @ 10.50%	2014/2019		10,279,209	-	10,279,209	-	-	-	-
	2014/2029		136,847,743	20,503,436	23,553,291	133,797,888	-	-	-
	2010/2030		147,045,286	6,680,444	25,570,005	128,155,725	-	-	-
	2005/2020		5,746,975	-	1,322,548	4,424,427	-	-	-
			299,919,213	27,183,880	60,725,053	266,378,040	-	-	-
Annuity loans									
DBSA R1 881 822.07 @ 14.50% DBSA R915 450.31 @ 16.50%	1998/2018		212,297	-	212,297	-	-	-	-
	1999/2019		212,678	-	212,678	-	-	-	-
			424,975	-	424,975	-	-	-	-
Total external loans			300,347,188	27,183,880	61,150,028	266,381,040	-	-	-

City of Mbombela
City of Mbombela
Appendix B

Unaudited Analysis of property, plant and equipment as at 30 June 2019
Cost
Accumulated depreciation

	Opening Balance	Additions		Disposals		Transfers		Revaluations		Changes in accounting estimates		Closing Balance		Opening Balance		Disposals		Transfers		Depreciation		Impairment loss		Closing Balance		Carrying value	
		Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
Land and buildings																											
Land	637,657,005					(6,247,705)						631,410,299														631,410,220	
Buildings	1,695,753,025	1,511,094				13,144,574						1,517,385,033		(611,624,964)						(57,697,937)				(669,622,901)		847,765,192	
	2,134,400,051	1,511,094				12,897,268						2,148,806,413		(611,624,964)						(67,897,937)				(669,622,901)		1,479,185,512	
Infrastructure																											
Roads, Pavements, Bridges & Storm water	3,119,350,209	105,435,816				68,952,365						3,293,738,390	1,495,717,136)							(238,362,649)				(1,735,079,786)		1,558,659,605	
Water	2,619,321,168	21,777,426				23,252,375						2,664,350,569	(886,853,760)							(74,533,524)				(961,397,284)		1,702,953,685	
Electricity	1,560,443,372	5,785,728				3,099,389						1,569,328,489	(663,185,241)							(54,516,456)				(717,803,697)		551,525,792	
Waste management	54,654,198									(2,797,073)		51,857,125	(10,435,051)							(1,057,117)				(11,492,178)		40,364,947	
Waste water	1,105,113,136	3,395,081				10,855,591						1,120,364,808	(434,320,595)							(38,555,146)				(474,279,842)		646,084,665	
	8,159,882,083	135,396,051				106,199,720				(2,797,073)		8,359,680,781	(3,491,521,894)							(408,530,892)				(3,950,052,786)		4,409,627,995	
Community Assets																											
Libraries	21,777,245											21,777,245	(4,310,648)							(773,844)				(5,084,492)		16,692,753	
	21,777,245											21,777,245	(4,310,648)							(773,844)				(5,084,492)		16,692,753	

City of Mbombela
City of Mbombela
Appendix B

Unaudited Analysis of property, plant and equipment as at 30 June 2019
Cost
Accumulated depreciation

	Opening Balance		Additions		Disposals		Transfers		Revaluations		Changes in accounting estimates		Closing Balance		Opening Balance		Disposals		Transfers		Depreciation		Impairment loss		Closing Balance		Carrying Value	
	Rand		Rand		Rand		Rand		Rand		Rand		Rand		Rand		Rand		Rand		Rand		Rand		Rand		Rand	
Heritage assets																												
Other	2,537,117		-		-		-		-		-		2,537,117		2,537,117		-		-		-		-		(235,147)		2,301,970	
	2,537,117		-		-		-		-		-		2,537,117		2,537,117		-		-		-		-		(235,147)		2,301,970	
Other assets																												
Transport assets	199,693,928		15,469,832		-		-		-		(1,089,897)		203,063,863		(147,432,979)		820,640		-		(19,016,574)		-		(165,628,913)		37,434,950	
Machinery and equipment	44,972,722		1,990,623		-		-		-		-		46,963,345		(18,293,141)		-		-		(4,755,672)		-		(23,048,813)		23,884,532	
Computer equipment	41,408,805		1,173,898		-		-		-		(401,169)		42,181,524		(21,273,760)		205,234		-		(4,194,187)		-		(25,231,733)		16,949,791	
Furniture and equipment	71,478,057		2,510,098		-		-		-		(8,000)		73,981,146		(37,431,590)		-		-		(4,847,594)		-		(42,279,693)		31,702,052	
Leased assets	8,065,824		-		-		-		-		-		8,069,824		(3,946,156)		-		-		(3,032,667)		-		(5,878,823)		1,191,001	
	354,514,336		21,114,431		-		-		-		(1,499,066)		374,229,701		(228,277,646)		1,025,995		-		(35,815,684)		-		(263,067,335)		111,162,366	

Unaudited Analysis of property, plant and equipment as at 30 June 2019

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City of Mbombela
Appendix B

Unaudited Analysis of property, plant and equipment as at 30 June 2018
Cost
Accumulated depreciation

	Opening Balance Rand	Additions Rand	Disposals Rand	Transfers Rand	Revaluations Rand	Changes in accounting estimates Rand	Closing Balance Rand	Opening Balance Rand	Disposals Rand	Transfers Rand	Depreciation Rand	Impairment loss Rand	Closing Balance Rand	Carrying value Rand
Land and buildings														
Land	641,392,747	-	-	(3,715,721)	-	-	637,677,026	-	-	-	-	-	-	637,677,026
Buildings	1,495,733,025	-	-	-	-	-	1,495,733,025	(549,166,637)	-	-	(62,453,327)	-	(611,624,964)	885,108,061
	2,138,115,772	-	-	(3,715,721)	-	-	2,134,400,051	(549,166,637)	-	-	(62,453,327)	-	(611,624,964)	1,522,776,087
Infrastructure														
Roads, Pavements, Bridges & Storm	3,031,763,378	36,256,136	(824,129)	52,154,824	-	-	3,119,350,209	1,276,011,439	799,140	-	(221,503,837)	-	1,496,717,136	1,622,633,073
Water	2,516,831,028	38,271,607	-	64,218,533	-	-	2,619,321,168	(816,190,687)	-	-	(70,673,073)	-	(886,863,760)	1,732,457,408
Electricity	1,232,607,498	19,551,288	(12,057)	8,256,643	-	-	1,259,443,372	(598,502,940)	12,035	-	(64,694,336)	-	(683,165,241)	597,288,131
Waste management	51,270,023	-	-	-	-	3,384,175	54,654,198	(9,425,061)	-	-	(1,010,000)	-	(10,435,061)	44,219,137
Water water	1,105,113,136	-	-	-	-	-	1,105,113,136	(391,108,820)	-	-	(43,211,875)	-	(434,320,696)	671,792,440
	7,938,585,063	94,079,031	(836,186)	124,670,000	-	3,384,175	8,159,882,083	3,051,238,947	810,175	-	(481,093,122)	-	3,491,621,894	4,668,360,189
Community Assets														
Libraries	21,777,245	-	-	-	-	-	21,777,245	(3,644,070)	-	-	(666,578)	-	(4,310,648)	17,466,597
	21,777,245	-	-	-	-	-	21,777,245	(3,644,070)	-	-	(666,578)	-	(4,310,648)	17,466,597

City of Mbombela
City of Mbombela
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Unaudited Analysis of property, plant and equipment as at 30 June 2018
Cost Accumulated depreciation

	Opening Balance		Additions		Disposals		Transfers		Revaluations		Changes in accounting estimates		Closing Balance		Opening Balance		Disposals		Transfers		Depreciation		Impairment loss		Closing Balance		Carrying value	
	Rand		Rand		Rand		Rand		Rand		Rand		Rand		Rand		Rand		Rand		Rand		Rand		Rand		Rand	
Heritage assets																												
Other	2,537,117		-		-		-		-		-		2,537,117		(235,147)		-		-		-		-		(235,147)		2,301,970	
	2,537,117		-		-		-		-		-		2,537,117		(235,147)		-		-		-		-		(235,147)		2,301,970	
Specialised vehicles																												
Other assets																												
Transport assets	189,901,579		5,297,013		(6,514,664)		-		-		-		188,683,928		(134,340,632)		5,604,042		-		-		(16,696,389)		(147,432,979)		41,250,949	
Machinery and equipment	43,773,302		1,415,114		(215,984)		-		-		-		44,972,722		(13,992,627)		172,274		-		-		(4,472,785)		(18,293,141)		26,670,581	
Computer equipment	46,915,730		311,761		(5,834,628)		-		-		-		41,392,863		(22,284,920)		5,711,666		-		-		(4,684,904)		(21,267,898)		20,133,025	
Furniture and equipment	71,154,477		782,589		(818,209)		-		-		-		71,479,067		(33,290,627)		625,822		-		-		(4,766,785)		(37,431,569)		34,047,467	
Leased assets	6,754,620		2,031,317		(728,413)		-		-		-		8,065,824		(1,210,022)		120,295		-		-		(2,756,429)		(13,846,169)		4,223,656	
	358,876,508		9,837,794		(14,109,908)		-		-		-		354,599,394		(205,118,828)		12,234,119		-		-		(35,376,995)		(238,261,704)		126,336,690	

City of Mbombela
City of Mbombela
Appendix B

Unaudited Analysis of property, plant and equipment as at 30 June 2018
Cost

		Opening Balance		Additions		Disposals		Transfers		Revaluations		Changes in accounting estimates		Closing Balance		Opening Balance		Disposals		Transfers		Depreciation		Impairment loss		Closing Balance		Carrying value	
		Rand		Rand		Rand		Rand		Rand		Rand		Rand		Rand		Rand		Rand		Rand		Rand		Rand		Rand	
Total property plant and equipment																													
Land and buildings	2,138,115,772	-	-	-	(3,715,721)	-	-	-	-	-	-	-	2,134,400,051	(549,166,637)	-	-	(62,458,327)	-	-	-	-	-	-	-	(611,624,964)	1,522,775,087	-	-	
Infrastructure	7,938,595,093	94,079,031	(836,166)	-	124,670,000	-	-	-	-	-	-	-	3,384,175	8,169,862,883	3,091,238,947	810,175	(407,093,122)	-	-	-	-	-	-	-	3,491,521,894	4,668,350,189	-	-	
Community Assets	21,777,245	-	-	-	-	-	-	-	-	-	-	-	21,777,245	(3,644,070)	-	-	(666,578)	-	-	-	-	-	-	-	(4,310,648)	17,466,597	-	-	
Heritage assets	2,537,117	-	-	-	-	-	-	-	-	-	-	-	2,537,117	(235,147)	-	-	-	-	-	-	-	-	-	-	(235,147)	2,301,970	-	-	
Other assets	358,870,508	9,837,794	(14,109,509)	-	-	-	-	-	-	-	-	-	354,598,394	(205,118,828)	12,234,119	-	(35,376,995)	-	-	-	-	-	-	-	(228,261,704)	125,336,690	-	-	
	0,459,885,705	103,916,825	(14,946,094)	120,954,279	-	-	-	-	-	-	-	-	3,384,175	0,673,194,890	3,849,403,829	13,044,284	(499,595,022)	-	-	-	-	-	-	-	4,335,954,357	6,337,240,633	-	-	
Construction work in progress																													
Infrastructure	588,189,093	377,842,118	-	(124,670,000)	-	-	-	-	-	-	-	-	841,351,211	-	-	-	-	-	-	-	-	-	-	-	-	841,351,211	-	-	
	588,189,093	377,842,118	-	(124,670,000)	-	-	-	-	-	-	-	-	841,351,211	-	-	-	-	-	-	-	-	-	-	-	-	841,351,211	-	-	
Intangible assets																													
Computers - software & other	15,675,126	1,224,401	-	-	-	-	-	-	-	-	-	-	16,899,527	(4,217,967)	-	-	(1,167,452)	-	-	-	-	-	-	-	(5,386,419)	11,514,108	-	-	
Licence & servitudes	5,368,637	21,061	-	-	-	-	-	-	-	-	-	-	5,389,698	(777,805)	-	-	-	-	-	-	-	-	-	-	(777,805)	4,611,893	-	-	
	21,043,763	1,245,462	-	-	-	-	-	-	-	-	-	-	22,289,225	(4,995,772)	-	-	(1,167,452)	-	-	-	-	-	-	-	(6,163,224)	16,126,001	-	-	
Investment properties																													
Investment property	357,251,422	-	(2,604,000)	430,311	-	-	-	-	-	-	-	-	355,087,733	(20,544,847)	-	-	(2,112,006)	-	-	-	-	-	-	-	(22,656,853)	332,430,880	-	-	
	357,251,422	-	(2,604,000)	430,311	-	-	-	-	-	-	-	-	355,087,733	(20,544,847)	-	-	(2,112,006)	-	-	-	-	-	-	-	(22,656,853)	332,430,880	-	-	
Total																													
Land and buildings	2,138,115,772	-	-	-	(3,715,721)	-	-	-	-	-	-	-	2,134,400,051	(549,166,637)	-	-	(52,458,327)	-	-	-	-	-	-	-	(611,624,964)	1,522,775,087	-	-	
Infrastructure	7,938,595,093	94,079,031	(836,166)	-	124,670,000	-	-	-	-	-	-	-	3,384,175	8,169,862,883	3,091,238,947	810,175	(407,093,122)	-	-	-	-	-	-	-	3,491,521,894	4,668,350,189	-	-	
Intangible assets	21,377,245	-	-	-	-	-	-	-	-	-	-	-	21,777,245	(3,644,070)	-	-	(666,578)	-	-	-	-	-	-	-	(4,310,648)	17,466,597	-	-	
Heritage assets	2,537,117	-	-	-	-	-	-	-	-	-	-	-	2,537,117	(235,147)	-	-	-	-	-	-	-	-	-	-	(235,147)	2,301,970	-	-	
Other assets	358,870,508	9,837,794	(14,109,509)	-	-	-	-	-	-	-	-	-	354,598,394	(205,118,828)	12,234,119	-	(35,376,995)	-	-	-	-	-	-	-	(228,261,704)	125,336,690	-	-	
Construction work in progress	588,189,093	377,842,118	-	(124,670,000)	-	-	-	-	-	-	-	-	841,351,211	-	-	-	(1,167,452)	-	-	-	-	-	-	-	(5,386,419)	841,351,211	-	-	
Intangible assets	21,043,763	1,245,462	-	-	-	-	-	-	-	-	-	-	22,289,225	(4,995,772)	-	-	-	-	-	-	-	-	-	-	(6,163,224)	16,126,001	-	-	
Investment properties	357,251,422	-	(2,604,000)	430,311	-	-	-	-	-	-	-	-	355,087,733	(20,544,847)	-	-	(2,112,006)	-	-	-	-	-	-	-	(22,656,853)	332,430,880	-	-	
	1,428,379,983	483,004,405	(17,550,094)	-	(3,285,410)	-	-	-	-	-	-	-	3,384,175	1,891,933,659	3,874,944,248	13,044,284	(602,874,460)	-	-	-	-	-	-	-	4,364,774,434	7,527,186,625	-	-	

8 CONCLUSION

The annual report is a tool that will enable the municipality, its stakeholders and communities to assess the municipality's performance against its set targets for the 2018/2019 financial year. There are achievements that were made within the year under review, while the municipality is working hard to improve performance in areas that did not perform well. The City of Mbombela has achieved a qualified audit opinion with matters for the reported period ended 30 June 2019. This was yet another inspiring period given the persistence hostile cash flow and financial performance challenges experienced during the financial year. A remedial action plan to address the audit findings has been developed for implementation. Progress on the remedial action plan will be monitored through the oversight and governance structures including the audit committee and Council.